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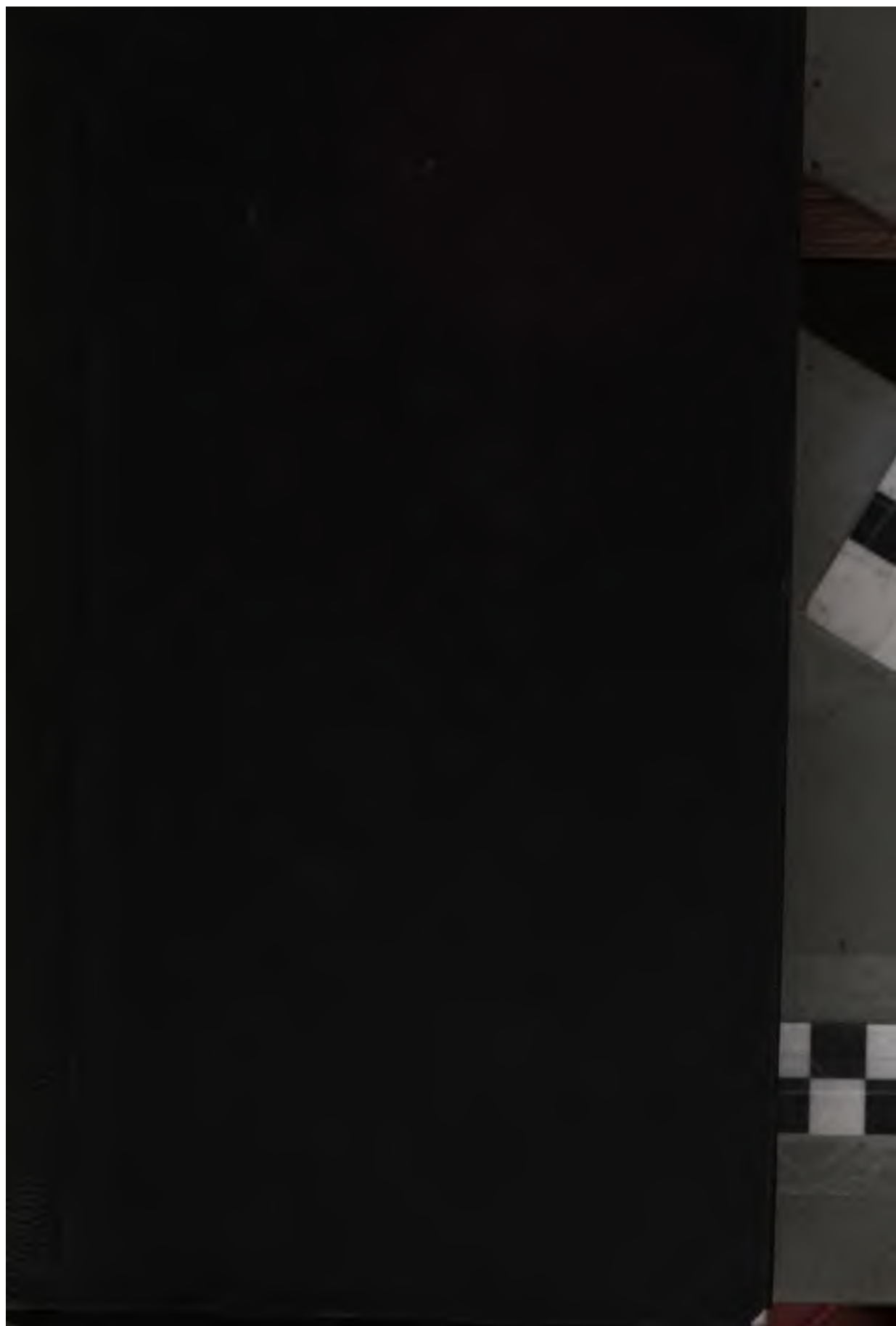
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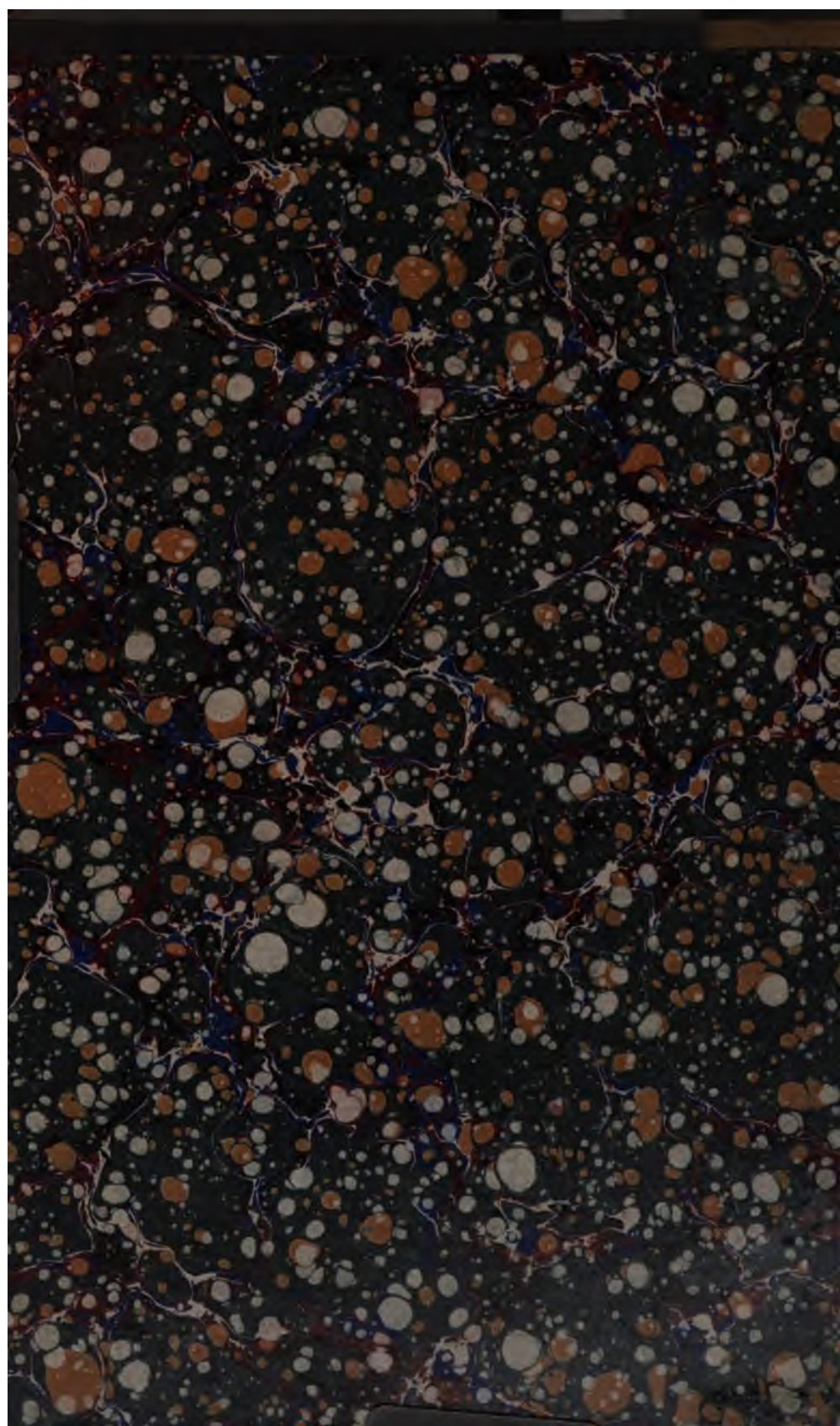
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# THE YALE REVIEW

A QUARTERLY JOURNAL FOR THE SCIENTIFIC DISCUSSION  
OF ECONOMIC, POLITICAL AND SOCIAL QUESTIONS.

Vol. X. No. 1.

May, 1901

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THE  
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MAY, 1901.

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COMMENT.

*The Russian Sugar Bounty and the American Tariff; Export  
Statistics; Applied Sociology.*

THE recent imposition of a countervailing duty upon beet sugar imported from Russia and the subsequent retaliatory measure of the Russian government largely increasing the duties upon imported American iron and steel manufactures, open a new chapter in our country's commercial policy which may lead to serious complications. The Dingley Tariff of July, 1897, levied an import duty of 1.65 cent a pound on raw and 1.95 on refined sugar. An additional duty equal to the amount of bounty upon the export of the sugar paid by the foreign country was imposed. It was left to the discretion of the Secretary of the Treasury to ascertain the amount of the bounty and fix the countervailing import duty accordingly. In the determination of the extent of the bounty policy of foreign countries,—a task which the Brussels Beet Sugar Conference of 1898 found extremely difficult,—the Secretary of the Treasury did not adopt a consistent policy. In April, 1900, the then existing countervailing duty on Russian sugar was suspended on the ground that the Russian government did not grant a subsidy to the sugar industry. It was claimed that this action was taken at the instigation of the American exporters, who pointed out to the Secretary the insignificant amount of imported Russian sugar as compared with the large export trade with that country, actual and prospective.



The repeal of the countervailing duty led to an increase in the amount of Russian sugar imported. The actual amount imported remained insignificant,—about one-third of 1 per cent. of the total importation of sugar during the calendar year 1900—but the fact of its increase aroused the various sugar interests, the cane sugar interest of Louisiana, the beet sugar interest of the Western States, and the refiners. Pressure was brought to bear in Washington and, as a result, the question was reopened. After some consultation with those familiar with the matter either commercially or as experts, the Secretary on February 12, 1901, decided that the Russian policy of remitting the internal tax upon exported sugar is tantamount to a bounty upon its export, and directed the collection of a corresponding duty upon its importation into this country, amounting in the case of refined sugar to 0.692 cent per pound in addition to the usual duty of 1.95, or a total of 2.642 cents. The Secretary's action has been endorsed by the Board of General Appraisers, but will doubtless be reviewed by the Federal courts. Everything hinges on the proper interpretation of the Russian laws providing for state control of the beet sugar industry and the remission of the internal tax upon exported sugar, an intricate matter on which there is no general agreement.

The undoubted sincerity of our government in regarding the Russian practice as equivalent to the payment of a bounty must not obscure the fact that two opposing interests are involved in the question, and that each has sought to secure government action favorable to itself. The sugar interests have strenuously urged the imposition of the countervailing duty so as to prevent their being undersold by the foreigner. The iron and steel manufacturers have been equally anxious to remove the duty and with it the danger of deranging our commercial relations with Russia, where they are building up a large market for their products. Both these interests have in time past been strong supporters of a high tariff; nowadays the change in their industry is compelling the iron and steel manufacturer to favor a low tariff. During the last decade he has been indifferent to changes in the iron and steel schedule; a few more such conflicts of interest may drive **him** into the camp of the tariff reformers.

The manufacturers' warning that a countervailing duty would result in Russian retaliation was ridiculed, but turned out to be well founded. Immediately upon the Secretary's taking action, the Russian government replied with a large increase of duty upon imported American goods, affecting disastrously especially machinery and other iron manufactures. Similar skirmishes in a possibly impending commercial war with Continental Europe have occurred and are occurring elsewhere. With the constant growth of our export trade, especially in domestic manufactures, such a derangement of our commercial relations could only do harm. But, politically, we may count confidently upon one result from the disturbance, namely the re-opening of the tariff question, which has been slumbering, but has now been rudely awakened, even in Congress, by the cry of those who hereafter will have all to gain and nothing to lose by removing the barriers to trade which they helped to build in time past.

The discussion of the Russian sugar bounty has emphasized the extent of our trade relations with that country. The insignificant amount of Russian sugar that was imported and competed with our own, was constantly referred to. On the other hand, the extent of our export trade to Russia was stated in large figures. Thirty millions of dollars worth of iron manufactures were said to have been exported to that country in 1900. However, according to the figures of the Treasury Department, the total exports from the United States to Russia during last year were only  $8\frac{1}{2}$  millions. The explanation of this discrepancy throws light on the inaccurate export statistics of that Department.

The value and destination of exported goods are based on the clearances received from the transporter. These in many cases make the foreign port of landing appear as the final destination of the particular article. Hence American exports to those countries which have no seaports or for various reasons must be reached by way of ports in other countries are grossly understated. Switzerland sent us  $17\frac{1}{2}$  millions of dollars worth of goods during the calendar year 1900, but we apparently exported less than \$300,000 worth to that country. On the other hand,

our exports to countries in which are the leading ports of transshipment are correspondingly overstated. Our exports to Belgium and the Netherlands in 1900 were put at 126 millions of dollars worth; our imports from there at only 32 millions. The preponderance of exports to Great Britain (602 millions) over imports from there (152 millions) is similarly exaggerated. Such official misstatements are not confined to the United States. British exports to Russia and Russian exports to the United States are similarly underestimated by the officials of those countries.

American exports to Russia have been grossly understated in the official publications, on account of the customary transshipment of goods in some English or Continental ports before they reach their destination in Russia. During the last calendar year we are supposed to have exported to Russia only 8½ millions of dollars worth; the Russian figures for the imports from the United States in 1897 were nearly five times as large as the corresponding American figures. Presumably the iron and steel exports to Russia actually approached the figure claimed in 1900, namely 30 millions of dollars worth.

There is unfortunately little likelihood of the official figures being more accurate in the future. We shall not know with any degree of accuracy how our exports are actually divided among the countries of the world until we can provide for an international statistical clearing-house, which is perhaps, not too visionary an institution to hope for, the forerunners of which we already see in various Congresses and International Institutes.

The establishment of an Institute for Sociology in Brussels by M. Solvay, together with the almost simultaneous founding of a social museum in Lyons, are significant signs of the times. The two institutions do not seem to be exactly alike in their aim or in their organization. M. Solvay's institute is intended to be something more than a simple museum of sociology. There is to be a large working room open to the public and equipped with a large library. There will also be apartments for seminaries, and for private scientific work. A number of prominent men, among them Prof. Denis, Prof. Vandervelde, and others, are

associated with M. Solvay in this undertaking. It is intended to bring this institute, which is to be a sociological laboratory in the broadest sense of the word, into connection with all labor bureaux, statistical bureaux, and institutions for improving social conditions. It is to be not merely a store-house of information but also a center of active scientific work. M. Solvay has guaranteed the existence of the institute for 25 years; at the end of that time it is to be turned over to the city of Brussels.

The Social Museum of Lyons is modeled more after the foundation of Count de Chambrun in Paris, and it is planned to have similar institutions in other industrial centers of France for the education of "social engineers." Employers will here be able to obtain information regarding institutions for the benefit of their employees, while workmen will get similar information regarding institutions for self-help. At the same time, a periodical is to be published.

These two institutions are typical of the times, because they illustrate the possibility of combining three things which have in the past been apt to be separated; philanthropy, profit, and science. That they may very successfully be combined is beginning to be shown by the work of the City and Suburban Homes Company and the League for Social Service in New York. This League aims to be what the Musée Social in Paris is, and somewhat more. It has not the advantage of a large endowment, but it has already made a recognized place in the world for the business of "social engineering." It counts among its clients, who go to it for advice regarding welfare institutions for their employees, some of the great manufacturing establishments of the country. Advertisements are already beginning to appear which endeavor to attract the investor as well as the consumer by setting forth the good treatment of employees and the sanitary conditions which prevail in the business advertised. If this movement continues, it is evident that we shall not only have a new lever for improving social conditions, but a new career opened to the student of economics and sociology.

## DIRECT TAXES AND THE FEDERAL CONSTITUTION.

### III.

WE may now proceed to consider what meaning was attached to the words direct taxes by the men who placed this expression in the constitution. Most of the data available for such a study consist of incidental statements that may be taken as indications of the opinions entertained upon this subject. Only in a few cases can one find anything that resembles a formal definition. It will be most convenient to present first such evidence as may be gathered incidentally from the debates and writings of the period.

(1) In all discussions of taxation, it was agreed that duties of impost and excise were indirect taxes. Thus Gouverneur Morris, in the federal convention, spoke<sup>1</sup> of "indirect taxes on exports and imports, and on consumption." And, in the Massachusetts convention, Mr. Dawes said<sup>2</sup> that Congress would not attempt to secure all its revenues from direct taxation because "it is easier for them to have resort to the impost and excise." It is needless to multiply quotations because there was never any difference of opinion upon this subject.<sup>3</sup> No one ever spoke of imposts and excises in any other manner. But we are not to infer necessarily that all taxes except these were considered to be direct. These statements make no pretence of offering exhaustive lists of all indirect taxes. But it is probable that the men who left us these utterances did consider customs and excise duties as the representative, and perhaps the most important, taxes of this character.

<sup>1</sup> Elliot, *Debates*, v, 302.

<sup>2</sup> Elliot, *Debates*, ii, 42.

<sup>3</sup> For some of the most important evidence, see Elliot, *Debates*, i, 322, 325, 326, 329, 335, 459, 492, ii, 41, 42, 57, 60, 61, 77, 160, 192, 215, 240, 263, 331, 344, 369, 371, iii, 95, 99, 215, 240, 255, iv, 75, 76, 146, 220, 418, v, 312, 320, 393; Ford, *Pamphlets on the Constitution*, 108, 160 (Brooklyn, 1888); Lodge, *Works of Hamilton*, ii, 40, 91, ix, 69, 124, 125. This list might be extended almost indefinitely, if it were worth while to do so.

The quotations and other evidence just presented are sufficient to demonstrate the error of a theory advanced, in 1895, by a writer who claimed that the indirect taxes of the constitution were the old requisitions which were laid indirectly upon citizens through the agency of the States.<sup>1</sup> In this view, direct taxes would be those collected directly by Congress without using the States as intermediaries. This would make customs and excise duties direct, a result that is proven absurd by every reference that contemporary writers made to the nature of these taxes.<sup>2</sup>

(2) A few utterances of the period would seem to indicate that some persons considered the word direct to be synonymous with internal, and that direct taxes were contrasted with external, or customs duties. In the Massachusetts convention, Mr. Dawes spoke<sup>3</sup> of the "rule of apportioning internal taxes"; and in 1789 Gouverneur Morris said<sup>4</sup> that Congress and the States had "concurrent jurisdiction respecting internal or direct taxes." A few other quotations might be given to the same effect.<sup>5</sup>

But there can be no doubt that these were merely careless and inaccurate expressions. Direct taxes were certainly internal, but not all internal taxes were considered direct. No one ever doubted that excise taxes were indirect. Edmund Pendleton, who wished to support his theory that direct taxation included all internal taxation, was obliged to place excises with the indirect taxes.<sup>6</sup> Sufficient evidence has already been presented to prove that the excise was not considered a direct tax. It can be shown also that stamp duties had always been considered a form of

<sup>1</sup> See the "*Nation*," ix, 380.

<sup>2</sup> It is possible to refer to words of Hamilton and Roger Sherman concerning the power of Congress to raise money in a direct manner, without using the States as intermediaries. Elliot, *Debates*, v, 201; *Annals of Congress*, First Congress, 1365. But all this has no reference to the definition of direct taxes. Both Hamilton and Sherman always considered customs and excise taxes to be indirect. See Elliot, *Debates*, i, 492; Lodge, *Works of Hamilton*, ix, 124, 125.

<sup>3</sup> Elliot, *Debates*, ii, 41.

<sup>4</sup> Sparks, *Life of Morris*, iii, 471 (Boston, 1832).

<sup>5</sup> Elliot, *Debates*, ii, 266, 501, 531; *American Museum*, iii, 253; Ford, *Pamphlets on the Constitution*, 49, 292; Ford, *Essays on the Constitution*, 92 (Brooklyn, 1842).

<sup>6</sup> Bache's *Aurora General Advertiser*, Feb. 11, 1796.

internal taxation;<sup>1</sup> while in the discussions of the constitution they were usually considered to be included, with imposts and excises, among the indirect taxes.<sup>2</sup> Finally the words of the very men who have been quoted indicate that the identification of direct taxes with internal taxes was the result of mere carelessness of expression. Mr. Dawes referred to excise taxes as indirect before he finished the speech already cited.<sup>3</sup> Gouverneur Morris, at a later date, stated<sup>4</sup> his belief that revenue should be raised "principally by internal, but not direct taxes." If more evidence were needed, it could be found in words of Hamilton and Gallatin.<sup>5</sup>

(3) Certain passages in the debates and other discussions on the federal constitution lend support to the theory that direct taxes were understood to be the "taxes" mentioned in that clause which confers upon Congress the power to levy "taxes, duties, imposts, and excises." In this view, the constitution contrasts direct taxes with duties, imposts, and excises; and everything that is not included in the one class must necessarily belong to the other. Such a theory was advanced in 1796 by Edmund Pendleton, who argued<sup>6</sup> that Congress was given the right to levy duties on imports and excise duties, while all other revenues were to be secured by a tax apportioned among the States according to the rule of numbers.

Many passages may be found in which statesmen of the period used tax or taxation as synonymous with direct tax or direct taxation, and opposed to customs and excise duties.<sup>7</sup> Some of

<sup>1</sup> Olin, *Rights of the Colonies*, 61; Dulany, *Considerations on Imposing Taxes in the Colonies*, 48; *American Museum*, iv, 457; Bigelow, *Works of Franklin*, iii, 422-423; *Works of John Adams*, iv, 128, 129.

<sup>2</sup> Elliot, *Debates*, i, 368, ii, 130, v, 432; Ford, *Pamphlets on the Constitution*, 301, 303; 3 Dallas, 175.

<sup>3</sup> Elliot, *Debates*, ii, 42.

<sup>4</sup> Sparks, *Life of Morris*, iii, 343.

<sup>5</sup> Lodge, *Works of Hamilton*, ix, 200-210; Adams, *Writings of Gallatin*, i, 474, 642.

<sup>6</sup> Bache's *Aurora*, Feb. 11, 1796.

<sup>7</sup> Elliot, *Debates*, i, 368, ii, 36, 60, 73, 82, 160, 330, 387, iii, 41, 121, 457, iv, 188, 189, v, 306, 307, 393; Ford, *Pamphlets on the Constitution*, 48, 49, 106, 107; Lodge, *Works of Hamilton*, ix, 339; Bigelow, *Works of Franklin*, iii, 414; *American Museum*, i, 444, iii, 365, xii, 219; *Works of John Adams*, vii, 297; *Life and Correspondence of King*, i, 260; *Historical Collections of the Essex Institute*, iv, 211 (Salem, 1862); Ford, *Writings of Jefferson*, v, 495; Ramsay, *American Revolution*, i, 342.



these are probably nothing more than careless expressions, but others may not be explained in such a manner. In some cases it seems clear that the word tax was sometimes given a restricted meaning, and was applied to taxes upon polls or estates, as distinguished from customs and excise duties. Thus the constitution adopted by Massachusetts in 1780<sup>1</sup> gave the legislature power to levy "assessments, rates, and taxes" upon persons and estates, and power to impose "duties and excises upon any produce, goods, wares, merchandise, and commodities." It is also worth while to notice that the amendments to the federal constitution offered in some States proposed to forbid Congress to levy direct taxes, except in cases of emergency, when the revenue from duties, imposts, and excises should prove insufficient.<sup>2</sup> Here direct taxes seem to be contrasted with the three other forms of revenue.

In the income tax cases it was contended by the government that the framers of the constitution adopted the English legal terminology. In English statutes and law books, the word tax was used regularly for the old property tax, which had become practically a land tax; while different terms, such as duties, customs, and excises, were applied to the other branches of revenue. Blackstone follows this usage, with the exception of one instance.<sup>3</sup> In the statutes of the period everything except the land tax is called a duty, or rate, or excise, etc. Thus an act of 1758 imposed "rates and duties" upon offices and pensions, and upon window lights;<sup>4</sup> and Pitt's income tax law of 1799 imposed a "duty" upon incomes.<sup>5</sup> In the *Hylton* case, Hamilton, in his argument, and Chase, in his decision, considered it<sup>6</sup> "fair to seek the meaning of terms in the statutory language of that country from which our jurisprudence is derived."

But, in spite of the fact that the word tax was sometimes given this restricted meaning, it is certain that just as frequently,

<sup>1</sup> Poore, *Federal and State Constitutions*, i, 961 (Washington, 1877).

<sup>2</sup> Elliot, *Debater*, i, 322, 325, 326, 329, 336; *Annals of Congress*, First Congress, 75, 803.

<sup>3</sup> *Commentaries on the Laws of England*, Bk. I, Chap. viii. The one exception is the malt tax, which, however, he calls an excise.

<sup>4</sup> 31 Geo. II, Chap. 22.

<sup>5</sup> 39 Geo. III, Chap. 13.

<sup>6</sup> Lodge, *Works of Hamilton*, vii, 333; 3 Dallas, 175.



if, indeed, not more frequently, the term was used generically to denote any kind of public impost.<sup>1</sup> Indirect *taxes* were mentioned quite as often as direct, and very conclusive evidence would be needed to prove that the constitution uses the word *tax* in the restricted meaning. As a matter of fact, such an interpretation is contradicted by the constitution itself. That instrument provided that Congress might impose "a tax or duty" upon the importation of slaves, and it prohibited Congress from levying a "tax or duty" upon articles exported from any State. Such taxes upon imports and exports were certainly considered indirect. The truth seems to be, as the Supreme Court has sometimes recognized, that it is not easy to define with perfect accuracy the words "taxes, duties, imposts, and excises." In 1796 Judge Patterson stated that: "Different persons will annex different significations to the terms."<sup>2</sup>

Interesting dilemmas arise when it is attempted to interpret these words with entire precision. The constitution provides two rules for levying taxes. Duties, imposts, and excises must be "uniform throughout the United States"; while direct taxes must be laid by the rule of apportionment. It may reasonably be contended, with Chief Justice Fuller,<sup>3</sup> that the constitution recognizes only two groups of taxes: those of the direct kind, for which the rule of apportionment is prescribed; and those of the indirect kind, for which the rule of uniformity is laid down. Then it follows that, in this particular clause of the constitution, taxes must mean direct taxes solely; while duties, imposts, and excises must include all the indirect taxes. But, if this explanation is admitted, two conclusions must follow. First, the language of the constitution is loose, in that it says taxes, where it means direct taxes. Judge Chase pointed out this fact in 1796.<sup>4</sup> Such a use of a term that was commonly applied, in a generic

<sup>1</sup> For the period before and that after the adoption of the constitution see, for a few examples, Douglass, *Summary of the British Settlements*, i, 260, ii, 260; Force, *American Archives*, i, 935; Poore, *Federal and State Constitutions*, i, 4; *American Museum*, ii, 122, 123, 124, 541, iii, 580; Elliot, *Debates*, v, 302, 305, 357, 432, 433, 434, 454, 455, 456; Ford, *Pamphlets on the Constitution*, 301, 314; Lodge, *Works of Hamilton*, ix, 209; *Writings of Gallatin*, i, 74.

<sup>2</sup> 3 Dallas, 177.

<sup>3</sup> 157 U. S. Reports, 557; 158 U. S. Reports, 618.

<sup>4</sup> 3 Dallas, 151.

way, to all forms of taxation, is certainly unfortunate. In the second place, after using the word in this narrow meaning of direct taxes, the constitution proceeds to limit the amount of any "tax or duty" imposed upon the importation of slaves, and prohibits Congress from levying any "tax or duty" upon articles exported from any State. Such duties would certainly be indirect taxes, and yet the constitution, most inconsistently, refers to them as *taxes* or duties.

On the other hand, if we hold that, in this grant of the taxing power, the word *taxes* means anything more than direct taxes, we encounter an immediate difficulty. If there is any indirect tax, which might be included here and is not included among the duties, imposts, and excises for which the rule of uniformity is prescribed, then Congress is given *carte blanche* in the imposition of this form of taxation. The rule of uniformity relates only to imposts, duties, and excises; and the rule of apportionment relates only to direct taxes. If, then, there is any tax which is not direct and not a duty, impost, or excise, it can be laid by any rule that Congress sees fit to select. This was recognized by the Supreme Court in the *Hylton* case;<sup>1</sup> and Judge Story was so much impressed by the difficulties in the wording of the constitution that he concluded: "it is certainly difficult to give full effect to the words of the Constitution," without supposing such taxes to exist.<sup>2</sup>

These difficulties are so serious as to suggest a natural explanation. The expression "taxes, duties, imposts, and excises" seems to have been coined by the committee of detail, when that body came to the task of specifying the powers of Congress. The words occur for the first time in the report submitted by that committee upon the sixth of August.<sup>3</sup> It is entirely probable that the committee indulged in a bit of legal verbiage that was intended to be comprehensive of all forms of taxation. The words were stock terms that were great favorites at the time. A reading of the resolutions and other writings of the Revolutionary period shows that the penmen of that time were seldom

<sup>1</sup> 3 Dallas, 176, 181.

<sup>2</sup> *Commentaries on the Constitution*, § 951, fifth edition (Boston, 1891).

<sup>3</sup> Elliot, *Debates*, v, 377-381.

content with a single generic term when they had occasion to speak of such interesting things as taxes. This can be made most clear by examining the language of some of these documents. In 1762 the legislators of Massachusetts managed to get the following words into their famous resolutions:<sup>1</sup> "Aid, tax, tollage, assessment, customs, loan, benevolence, and imposition." The Congress of 1775,<sup>2</sup> in denouncing the Stamp Act, complained of "livers, fines and taxes." Henry's resolutions upon the same subject<sup>3</sup> mentioned "the power to lay taxes and imposts." Resolutions framed in New York spoke<sup>4</sup> of "duties and taxes"; but Samuel Adams was content<sup>5</sup> with nothing less than "duties, subsidies, tollages, and taxes." In 1771, Adams was satisfied<sup>6</sup> with "assessments, rates, and taxes." From James Otis we may quote "tax or excise,"<sup>7</sup> and "taxes, impositions on trade, and other duties and burthens."<sup>8</sup> An examination of the State constitutions adopted after 1776 shows the following interesting mass of verbiage: aids, assessments, charges, contributions, customs, duties, excises, fees, fines, imposts, impositions, rates, subsidies, supplies, and taxes. Perhaps this will make it clear why the committee of detail in 1787 did not content themselves with the word taxes, used in a generic sense. It may also suggest that it is foolish to attempt to construe this particular phrase of the constitution too strictly.

In any event, the committee of detail, after giving Congress the power to levy "taxes, duties, imposts, and excises," proceeded to prohibit the imposition of any "tax or duty" upon exports and upon the importation of slaves.<sup>9</sup> In other words, the committee applied the word tax to forms of taxation that were certainly considered indirect: so that it is not likely that they intended, in the grant of the taxing power, to let "taxes" stand for "direct taxes."

<sup>1</sup> Gordon, *History of the United States*, i, 93.

<sup>2</sup> Niles, *Principles of the Revolution*, 458, 459 (Baltimore, 1822).

<sup>3</sup> Gordon, *History of the United States*, i, 169.

<sup>4</sup> Gordon, *History of the United States*, i, 173.

<sup>5</sup> Wells, *Life of Samuel Adams*, i, 154.

<sup>6</sup> Wells, *Life of Samuel Adams*, i, 413.

<sup>7</sup> *Vindication of the Colonies*, 30.

<sup>8</sup> *Rights of the Colonies*, 54.

<sup>9</sup> Elliot, *Debates*, v, 379.

(4) In 1796 Edmund Pendleton urged that the direct taxes contemplated by the constitution were merely the old requisitions, which, however, Congress was empowered to collect in case the States should not pay their quotas promptly.<sup>1</sup> He believed that it was a mistake to look to foreign sources for an explanation of this term, for the words were used with an historical meaning. Under the articles of confederation, Congress had apportioned quotas, and the States had been supposed to raise the amounts demanded by means of their ordinary taxes. By the federal constitution, he argued, two modifications had been made: first, Congress was authorized to levy an impost and excise; and second, for the collection of the old apportioned taxes, upon which the general government must rely for the rest of its revenues, Congress was empowered to employ any method which it might deem most convenient.

There is other evidence to support such a view. In the Virginia convention, Randolph and Madison explained, in answer to objections raised against the power of direct taxation, that Congress would merely levy upon the most convenient objects in each State the quotas of taxes determined by the apportionment rule.<sup>2</sup> Pendleton's argument was sent to Madison in 1796, and received the approval of that statesman.<sup>3</sup> Many friends of the constitution urged that Congress might be content merely to apportion quotas, and would then allow the States to raise their respective shares in their own ways.<sup>4</sup> In this connection, finally, some significance attaches to the following words of Mr. Dawes, a member of the Massachusetts convention: "There is a prejudice . . . against direct taxation, which arises from the manner in which it has been abused by the errors of the old Confederation. Congress had it not in their power to draw a revenue from commerce, and therefore multiplied their requisitions on the states."<sup>5</sup>

<sup>1</sup> Bache's *Aurora*, Feb. 11, 1796.

<sup>2</sup> Elliot, *Debates*, iii, 121, 307, 458.

<sup>3</sup> *Writings of Madison*, ii, 77.

<sup>4</sup> Elliot, *Debates*, i, 492, 516; Pierce, *Debates in the Convention in Massachusetts*, 304, 311; Ford, *Essays on the Constitution*, 235, 236; Ford, *Pamphlets on the Constitution*, 49.

<sup>5</sup> Elliot, *Debates*, ii, 41.

The first session of the Congress was held at the City of New York on the 4th of September 1789. The members of the House of Representatives were elected by the people of the several States, and the members of the Senate were elected by the legislatures of the several States. The first session of the Congress was held at the City of New York on the 4th of September 1789. The members of the House of Representatives were elected by the people of the several States, and the members of the Senate were elected by the legislatures of the several States.

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At the City of New York

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1789

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1784 had required that senators should be apportioned among the various senatorial districts according to "the proportion of public taxes paid by the said districts." The Constitution of 1792 changed this<sup>1</sup> to "the proportion of direct taxes." These public, or direct, taxes were in both instances the State taxes upon polls and estates.<sup>2</sup> This is, incidentally, an excellent illustration of the manner in which the discussions over the direct tax clause of the constitution served to familiarize Americans with the words direct and indirect taxes.

None of the expressions just quoted imply that all the taxes levied by the States were direct. Most of them were merely to the effect that State taxes were largely, or even mainly, direct, or that Congress could readily base federal direct taxation upon the methods employed by the States. As a matter of fact, all of the States, prior to 1789, levied customs duties, and many employed the excise, both of which were considered to be forms of indirect taxation. Even after excise and customs duties were given up to the federal government, the States still employed some taxes that would be considered indirect. This will be shown presently.<sup>3</sup> But the quotations do justify the belief that the men who framed the constitution identified direct taxes with certain leading forms of taxation that were customary in the States. A brief survey of colonial and state taxation in the eighteenth century will show what the principal taxes were.

In the New England colonies chief reliance had always been placed on taxes imposed upon polls and estates. In this direction, Massachusetts and Connecticut set the example for the other colonies.<sup>4</sup> Rhode Island and New Hampshire seem to have adopted the system of taxation customary in Massachusetts,<sup>5</sup>

<sup>1</sup> Poore, *Federal and State Constitutions*, ii, 1284, 1299.

<sup>2</sup> Belknap, *History of New Hampshire*, iii, 282 (Philadelphia and Boston, 1784-1792).

<sup>3</sup> For the moment it will suffice to call attention to the provisions of the South Carolina constitution, as amended in 1808. This amendment referred to "all taxes raised by the legislature, whether direct or indirect." Poore, *Federal and State Constitutions*, ii, 1634.

<sup>4</sup> Douglas, *Financial History of Massachusetts*, 17-31 (New York, 1892); Jones, *Taxation in Connecticut*, 8 (Baltimore, 1896).

<sup>5</sup> Sumner, *Financier and Finances of the Revolution*, i, 13, 17 (New York, 1891); Belknap, *History of New Hampshire*, iii, 282; Bullock, *Essays on the Monetary History of the United States*, 260-261.

while Vermont copied the laws of Connecticut.<sup>1</sup> Customs and excise duties were introduced, sooner or later, to supplement the other branches of revenue, but they never became a principal source of income in these colonies.<sup>2</sup> Attempts were made, also, to supplement the taxation of estates with taxes upon faculties or professions, but these imposts were always of the slightest possible importance.<sup>3</sup> In all these colonies the taxation of property extended mainly to real estate and farm stock, for it was never possible for assessors to reach any considerable amount of intangible personal property. Complaints upon this subject were heard from the farmers even at the earliest period of colonial history. Polls, real estate, and cattle were the principal objects of taxation.

In New York, indirect taxes were the chief source of revenue under Dutch rule, but the English subsequently developed a property tax that finally became the principal item in the budget of the colony.<sup>4</sup> Yet customs and excise taxes retained a place of greater importance than they seem to have secured in New England. The poll tax is found in New York under the rule of the Dutch. In New Jersey, a tax on land, cattle, and slaves existed in the seventeenth century; and a system of taxes upon polls and estates was soon developed.<sup>5</sup> Some revenue was secured in this colony from impost duties, and an excise was imposed upon liquors.<sup>6</sup> In Pennsylvania, an act of 1693 provided for a tax on real and personal property, and this was accompanied by a poll tax upon freemen who were worth less than one hundred pounds. Duties upon imports were also established at an early date.<sup>7</sup> In 1766, Franklin described the revenue system of this colony when he was examined before the House

<sup>1</sup> Wood, *Taxation in Vermont*, 32, 33 (New York, 1894).

<sup>2</sup> Douglas, *Financial History of Massachusetts*, 32, 78-95; Jones, *Taxation in Connecticut*, 53.

<sup>3</sup> Douglas, *Financial History of Massachusetts*, 31-32; Jones, *Taxation in Connecticut*, 8; Wood, *Taxation in Vermont*, 38.

<sup>4</sup> See Schwab, *History of the New York Property Tax* (Baltimore, 1890).

<sup>5</sup> Raum, *History of New Jersey*, i, 299 (Philadelphia, 1877); Mulford, *History of New Jersey*, 193, 230, 231, 351 (Camden, 1848).

<sup>6</sup> Mulford, *History of New Jersey*, 320.

<sup>7</sup> Shepherd, *History of Proprietary Government in Pennsylvania*, 438, 439 (New York, 1896).

of Commons.<sup>1</sup> He stated that Pennsylvania imposed taxes upon polls and estates, upon offices and professions, and upon negroes imported, besides excise taxes and some other duties. Thus these middle colonies had poll and property taxes, beside somewhat more fruitful impost and excise duties than were enjoyed in New England; but there is no reason for supposing that personal property was taxed with more success here than elsewhere. For New York, Professor Schwab has shown that personalty largely escaped the assessor. For New Jersey, similar facts will be presented in a following paragraph. Real estate and farm stock bore the real burden of taxation, although some revenue was secured from poll taxes, and from excise and customs duties.

The history of tax systems in the southern settlements, among which Maryland must be included, offers many points of contrast to the experience of New England and the middle colonies. Maryland and Virginia had lucrative sources of income in the export duties on tobacco, which the unique situation of these colonies made it possible to impose upon this great staple product. These duties were more important than taxes upon imports and tonnage, from which, however, some revenue was secured.<sup>2</sup> But the establishment of any taxes upon property, especially upon land, was rendered extremely difficult on account of the opposition of the large landed proprietors who so long dominated the affairs of these colonies.<sup>3</sup> In Maryland prior to the Revolution attempts to tax property were not permanently successful, and the poll tax was practically the only direct tax employed.<sup>4</sup> In 1755, military expenses compelled Virginia to impose the first land tax that had been known for a century. Even then its retention was difficult, and in 1769 the poll tax yielded four times as much as the tax upon land.<sup>5</sup> In both States the exigencies

<sup>1</sup> Bigelow, *Works of Franklin*, iii, 409.

<sup>2</sup> Ripley, *Financial History of Virginia*, 67-68, 104 (New York, 1893); Scharf, *History of Maryland*, i, 488, ii, 121-123 (Baltimore, 1879).

<sup>3</sup> Seligman, *Essays in Taxation*, 19 (New York, 1895).

<sup>4</sup> McMahon, *History of Maryland*, 308 (Baltimore, 1831); Scharf, *History of Maryland*, i, 488, 500; Ely, *Taxation in American States and Cities*, 112 (New York, 1888).

<sup>5</sup> Ripley, *Financial History of Virginia*, 38-41, 45.



that arose during the Revolution necessitated the adoption of taxes upon property. But in these, the bulk of the revenue was secured from real estate. The taxes upon personalty were confined to a few specific objects, and farm stock was the only article of any importance. Evidence upon this point will be offered presently.

In South Carolina, considerable revenue was secured from import and a few export duties; but North Carolina, which secured its foreign supplies mainly from ports in the adjoining colonies, drew only small sums from duties upon imported spirits.<sup>1</sup> South Carolina at an early date taxed polls, lands, some other forms of property, and professions;<sup>2</sup> but here, as elsewhere, land bore the principal burdens, except in so far as it was eased by receipts from poll taxes and customs duties. In North Carolina, before the Revolution, the poll tax was practically the only form of direct taxation.<sup>3</sup> During the struggle for independence, both of these States experienced great difficulty in the establishment of adequate revenue systems.<sup>4</sup> In North Carolina, desperate attempts seem to have been made to provide for the expenses of the war by means of the poll taxes; but, in the end, taxes were imposed upon lands, slaves, and horses.

It appears, therefore, that, in all the colonies, the principal taxes were those imposed upon polls and upon property, except in a few cases where indirect taxes proved sufficiently productive to lighten the weight of direct taxation. The poll tax was, until the Revolution, the chief form of taxation employed in some colonies; and it was an important source of revenue in all. Whenever property taxes were laid, real estate had to bear almost the entire burden, farm stock being the only important item of personal property that assessors could reach with success.

<sup>1</sup> Whitney, *Government of the Colony of South Carolina*, 100-101 (Baltimore, 1895); Williamson, *History of North Carolina*, ii, 114, 164 (Philadelphia, 1812); Elliot, *Debates*, iv, 156, 157, v, 41; Ford, *Essays on the Constitution*, 404; *American Museum*, iii, 552.

<sup>2</sup> Whitney, *Government of the Colony of South Carolina*, 99-100.

<sup>3</sup> Basset, *Constitutional Beginnings of North Carolina*, 72 (Baltimore, 1894); Williamson, *History of North Carolina*, 114, 164; Bullock, *Essays on the Monetary History of the United States*, 178, 184.

<sup>4</sup> Sumner, *Financier and Finances of the Revolution*, i, 24.

In 1789, the States gave up their import duties to the federal government, and it was recognized that no State could thenceforth impose successfully excise duties upon home manufactures. These facts made the familiar taxes upon polls and estates more important than ever before. In Wolcott's report upon direct taxation, prepared for Congress in 1796, we are fortunate in having a detailed account of the revenue systems of the States at that time.<sup>1</sup> From this, it appears that nearly all the States levied uniform poll taxes, or capitation taxes upon slaves. All of the States taxed land, but according to different systems. Taxes were imposed upon personal property, but in some States only a few specified articles were reached, while others sought to include nearly all forms of personalty. But in all cases the result was practically the same: taxes upon real estate, poll taxes, or capitation taxes upon negroes, accounted for nearly all of the revenue collected.

The report presents statistics of the property assessed or the taxes collected in the majority of the States. The results are sufficiently striking to warrant a detailed presentation. In New Hampshire, the total inventory, including doomages, amounted to £40,521. Of this sum, polls and real property were charged with £27,056. Cattle were charged with £12,882, while all other personalty was rated at £578. Thus polls and real property paid from 65 to 70 per cent. of every tax, cattle paid about 30 per cent., and other personal property paid only 1 per cent. In Massachusetts, polls were taxed, but the amount is not stated. Of the property taxed, real estate represented over 83 per cent. of the total, cattle about 8 per cent., and all other personalty less than 9 per cent. Excluding poll taxes, real property and cattle must have accounted for 90 per cent. of every tax levy. In Rhode Island, out of every £1,000 levied, polls and real property paid £825; while personalty paid only £175, this sum representing of course chiefly farm stock. In Connecticut, polls and lands accounted for 65 per cent. of the entire assessment, cattle for 29 per cent., other personalty for less than 6 per cent.

For New York and Pennsylvania, statistics are not given,

<sup>1</sup> State Papers, Finance, i, 418-465. Summarized in Ely, *Taxation in American States and Cities*, 116-130.

but the results must have been the same there as elsewhere.<sup>1</sup> In New Jersey, taxes upon real estate, upon bachelors, and upon slaves, formed 87 per cent. of the total assessment. Farm stock paid 9 per cent., while all other personalty paid about 4 per cent. In Maryland, real estate and slaves were rated at 86 per cent. of the total valuation. All personal property, including cattle as the principal item, was rated at only 13 or 14 per cent. In Delaware, statistics are not given; but the property taxed was the same as in Maryland, and the results must have been similar.<sup>2</sup>

In Virginia, over 80 per cent. of each tax fell upon real property and slaves. About 14 per cent. was assessed upon horses and mules, while other personal property and some miscellaneous duties accounted for the remainder. In Kentucky, apart from some license taxes and duties upon billiard tables, all the revenue came from taxes upon land, slaves, and farm stock. Three-fourths of each tax was assessed upon land and slaves. In North Carolina, polls, land, and slaves were burdened with 94 per cent. of the State tax. The remainder was raised by miscellaneous duties, personal property paying practically nothing. In South Carolina, the taxes paid at Charleston were assessed almost exclusively upon real property and negroes. Taxes upon personalty and some miscellaneous revenues amounted to only 6 per cent. of the total. The taxes paid at Columbia show a similar result. For Georgia no statistics are given; but the revenue laws of that State were practically the same as those of her neighbor, and their general effect must have been about the same.

It is demonstrated, therefore, that the State taxes consisted chiefly of poll taxes upon freemen, capitation taxes upon slaves, and taxes upon real estate. The only other object of taxation that possessed sufficient importance to require mention was farm stock. Taxes upon cattle were imposed frequently as a part of the early land tax, and were actually associated with taxes upon realty rather than with taxes upon personal property. We may now seek for evidence concerning the manner in which State taxes

<sup>1</sup> For New York this is shown sufficiently in Prof. Schwab's *New York Property Tax*.

<sup>2</sup> Wolcott's account of taxation in Delaware needs to be supplemented by the act passed in 1796. *Laws of Delaware*, ii, 1247-1253 (New Castle, 1797.)

were regarded, and the terms in which they were described, by the framers of the constitution and their contemporaries.

The list of all the taxes imposed by the States in 1796 is a long one. We find taxes upon polls, upon negroes, upon land and other real property, upon personal property, upon professions and the profits of industry, upon bachelors, upon attorneys' licenses, upon licenses for taverns, upon legal processes, upon carriages, upon auctions and traders, upon business licenses, upon stud horses, upon billiard tables. When State taxes were mentioned, a person did not attempt to call to mind all these forms of taxation. He recollected merely the most common and the most important of these various taxes. At the present time, State taxation means to the average American merely the property tax. In most cases no thought is given to the other forms of revenue which are gradually assuming a place of increasing importance in State budgets. So, in 1787, State taxes would naturally mean to the average speaker or writer merely the most customary and important forms of imposts. Now what does the evidence show?

In many cases, the State taxes were spoken of as "taxes upon polls and estates," or taxes upon persons and property.<sup>1</sup> Sometimes it is certain that the speakers had real property in view chiefly,<sup>2</sup> but in some cases personalty is mentioned.<sup>3</sup> In a very large number of instances land and poll taxes, or land taxes alone, are mentioned as the sources of State revenue. This is especially true with men who came from States like North Carolina, where personal property was practically untaxed as late as 1796.

The evidence upon this point needs to be presented in some detail. We may go back to James Otis, who divided taxes into external and internal; and then described internal taxes as those "on land, and the things upon it."<sup>4</sup> Then we may turn to Hamilton's plan for taxation in New York, in the year 1782.<sup>5</sup>

<sup>1</sup> For example, *Works of John Adams*, vii, 297, ix, 470.

<sup>2</sup> Evidence can be presented more conveniently in a following section, in which we shall discuss the theory that direct taxes were conceived of as taxes on all property.

<sup>3</sup> Bigelow, *Works of Franklin*, iii, 409; *Works of John Adams*, vii, 297.

<sup>4</sup> *Rights of the Colonies*, 63-64; *Vindication of the Colonies*, 4.

<sup>5</sup> J. C. Hamilton, *Works of Hamilton*, ii, 204-211 (New York, 1850).





These results throw some light on the theory, previously discussed, that direct taxes were conceived to be merely the old requisitions joined to a power, on the part of Congress, to enforce the collection. So far as that theory was actually held by Pendleton and others, its results would be not unlike those of the theory just presented. Whether direct taxes were viewed as the old requisitions, or as the taxes which the States customarily levied, their burden would fall finally upon polls and real estate.

(6) In view of the questions raised in the preceding paragraphs, considerable importance may be attached to two bodies of evidence that must now be presented. Of these, the first includes a large number of cases in which direct taxes are spoken of as taxes upon property; the second comprises many references to poll and land taxes as the forms of direct taxation.

In the first body of evidence two classes of references may be distinguished. First we find simple statements that direct taxes may be levied upon all property, or statements which indicate that personal as well as real estate might be reached by such taxes. Thus Jay, in the New York convention, stated that direct taxes were "general and specific."<sup>1</sup> By general taxes he meant "general taxes upon all property"; while the second kind consisted of taxes on "specific articles," such as coaches. Many other citations may be given to the same general effect.<sup>2</sup>

In the references of the second class all property is mentioned as the object of direct taxation; but special emphasis, sometimes sole emphasis, is given to taxes upon polls and lands. Thus, in the Virginia convention, John Marshall said:<sup>3</sup> "The objects of direct taxes are well understood: they are but few: what are they? Lands, slaves, stock of all kinds, and a few other articles

<sup>1</sup> Elliot, *Debates*, ii, 381.

<sup>2</sup> Elliot, *Debates*, i, 368, ii, 330, iv, 205, 209, 210; Lodge, *Works of Hamilton*, ii, 167; *Life and Correspondence of Rufus King*, i, 190, 260; Ford, *Essays on the Constitution*, 118; Ford, *Pamphlets on the Constitution*, 253; McMaster and Stone, *Pennsylvania and the Federal Constitution*, 539; Ford, *The Harrisburg Convention of 1788*, 37 (Brooklyn, 1890); Laws of Pennsylvania, 1700-1810, Chap. MDCXIII, Sec. 12 (Philadelphia, 1810); *Writings of Gallatin*, i, 507; Annals of Congress, First Congress, 1898, Third Congress, 652, 1185, 1186, 1202, Fourth Congress, 1934, 1936, Fifth Congress, 1898, 1924.

<sup>3</sup> Elliot, *Debates*, iii, 229.

of domestic property." A writer in the *American Museum* calls State taxes direct,<sup>1</sup> and says that, in New England, "your houses and lands, your cattle of every description, even your sons, are taxed, before their labour can pay for their support; and your mechanics are arbitrarily assessed for the labour of their hands." In Connecticut, he enumerates the taxes upon lands, polls, and cattle. Then he proposes a federal direct tax upon improved land. In 1794, William Findley defined<sup>2</sup> a direct tax as one "levied on all visible property in proportion to its value." Many similar expressions may be found in the discussions of the period.<sup>3</sup> All of this evidence is valuable in demonstrating the special importance attached to land taxes, even by those persons who thought that all kinds of property were objects of direct taxation.

(7) The second body of evidence, to which reference was made in a previous paragraph, comprises a large number of statements indicating that very many persons considered direct taxes to be those imposed upon polls and real estate.

First, it may be stated that, when direct taxes were mentioned, poll taxes were almost invariably suggested as one inevitable form of such imposts.<sup>4</sup> Then we should notice a very large number of cases in which persons referred to real estate as the sole form of property subject to direct taxation.<sup>5</sup> It should be remembered

<sup>1</sup> *American Museum*, vii, 84, 85, 86.

<sup>2</sup> Dunlap's and Claypoole's *American Advertiser*, June 3, 1794.

<sup>3</sup> Elliot, *Debates*, ii, 215, 216, 341, 577, iv, 76; McMaster and Stone, *Pennsylvania and the Federal Constitution*, 477, 478; *American Museum*, ii, 550; Lodge, *Works of Hamilton*, vii, 332; *Annals of Congress*, Third Congress, 640, 641, 644, 646, 647, Fourth Congress, 849.

<sup>4</sup> Elliot, *Debates*, i, 368, ii, 44, 105, 135, 364, 466, 554, iii, 215, 264, 265, iv, 76, v, 305, 545; Pierce and Hale, *Debates in the Convention of Massachusetts*, 305; Ford, *Essays on the Constitution*, 118, 272, 273; Ford, *Pamphlets on the Constitution*, 253; *Annals of Congress*, First Congress, 1554, 1789, 1896.

<sup>5</sup> Elliot, *Debates*, ii, 41, 42, 57, 60, 73, 102, 365, iii, 215, 255, 264, 265, iv, 212; Lodge, *Works of Hamilton*, ii, 40, 337; *Annals of Congress*, First Congress, ii, 1906, 1907, Third Congress, 623, 626, 628, 630, 631, 1196, Fourth Congress, 1887, 1898, 1909; *Writings of Madison*, i, 113. More references may be given in which it is evident that the persons quoted laid the utmost importance upon taxes upon real estate. See Elliot, *Debates*, ii, 34, iv, 76; Lodge, *Works of Hamilton*, ix, 69, 70, 123; *State Papers*, Finance, i, 439; *Annals of Congress*, Fourth Congress, 848, 849, 1850, 1851, 1858, 1903; *Works of Fisher Ames*, i, 213 (Boston, 1854).

that, during the very year when the federal convention met, Franklin was corresponding with French writers concerning the comparative merits of direct and indirect taxation for the United States.<sup>1</sup> In these letters he contrasted customs duties with a tax on land. Franklin believed that the sparse settlement of large sections of the United States made the collection of a land tax difficult and expensive, so that indirect taxes might be necessary for a time in such a new country. Yet he insisted, in his letters to his French correspondents, that he had not "lost any of the principles of public economy" that they had once known him to possess. He thought that American legislators had not yet been convinced that "all taxes are finally paid by the land," and considered a certain period of time necessary for their further enlightenment. By direct taxes Franklin understood those levied upon land. This is good evidence of the existence of physiocratic notions among the men who framed our constitution. Such statesmen as entertained these ideas would of course consider only a land tax direct, unless, with Turgot, they were willing to include capitation taxes also in this definition. Alexander Hamilton, who did not entertain the views of the physiocrats, has nevertheless borne testimony in favor of the theory that their doctrines were the source of the distinction which the constitution makes between direct and indirect taxes. This he did in his argument before the Supreme Court in 1796,<sup>2</sup> a court in which sat three justices who had been members of the constitutional convention. Such a view becomes more probable when it is remembered that nowhere in French or English literature was there to be found any formal definition of direct and indirect taxes, except the one formulated by the physiocrats.

We may now consider a number of statements in which the tax on land, or real property, and the poll tax were clearly considered to be the two forms of direct taxation. In the New York convention, Melancthon Smith said:<sup>3</sup> "The power of the general government extends to the raising of money, in all possible ways, except by duties on exports: to the laying taxes on

<sup>1</sup> *Works of Franklin*, ix, 384, 400, 401, 415, 460, 471.

<sup>2</sup> Lodge, *Works of Hamilton*, vii, 328-331.

<sup>3</sup> Elliot, *Debates*, ii, 332.



imports, lands, buildings, and even on persons." Leaving out import duties, which were always understood to be indirect, we have here real estate and polls mentioned as the objects of direct taxation. George Clinton urged that imposts on commerce and excises would not suffice for the needs of the federal government, and that Congress must resort to "a capitation or poll tax, on land, rights, etc."<sup>1</sup> In the Manifesto<sup>2</sup> formulated by the minority party in the Pennsylvania convention, the powers of Congress in matters of taxation are declared to extend to, (1) imposts on commerce; (2) land taxes; (3) poll taxes; (4) excises; (5) duties on written instruments. When we strike from this list the indirect taxes, we have left the inevitable direct taxes of land, polls and lands. Richard Henry Lee framed a table of classification of taxes as internal and external.<sup>3</sup> He enumerated the following different kinds of taxes: import duties, excises, and taxes, excises, and duties on all written instruments. From the indirect taxes are omitted from this table, only poll taxes and taxes on land. Hugh Williamson was the first American to attempt to define and classify formally direct and indirect taxes.<sup>4</sup> The only forms of direct taxation mentioned by him are taxes upon land and upon polls. The same classification is repeated most clearly in his "Remarks on the New Plan of Government."<sup>5</sup> It may be found once more in one of his speeches in Congress in the year 1790.<sup>6</sup> Finally it should be remembered that the first direct tax, proposed by the committee of Ways and Means in 1797,<sup>7</sup> and finally enacted into a law, was confined to a tax upon lands and improvements, with a capitation tax upon slaves.

Important evidence is furnished by Hamilton at just this point. Various passages in the *Federalist* indicate most clearly his ideas upon direct taxation. He divides taxes into those of the external and those of the internal form.<sup>8</sup> The former, of course,

<sup>1</sup> Ford, *Essays on the Constitution*, 272.

<sup>2</sup> McMaster and Stone, *Pennsylvania and the Federal Constitution*, 466.

<sup>3</sup> Ford, *Pamphlets on the Constitution*, 301.

<sup>4</sup> *American Museum*, ii, 122, 124.

<sup>5</sup> Ford, *Essays on the Constitution*, 403, 404.

<sup>6</sup> *Annals of Congress*, First Congress, 1539.

<sup>7</sup> *Annals of Congress*, Fourth Congress, ii, 1843.

<sup>8</sup> Lodge, *Works of Hamilton*, ix, 199.

are customs duties. The latter are of two classes, direct and indirect.<sup>1</sup> Indirect internal taxes are such duties as excises. Under the head of direct internal taxes, he first mentions taxes on real property, on houses and lands.<sup>2</sup> Later he mentions poll taxes.<sup>3</sup> He thought that personal property could not be reached except by duties upon consumption. Elsewhere he says that taxes of the direct kind "principally relate to lands and buildings." Finally he estimates the relative importance of the different kinds of taxes.<sup>4</sup> He thinks that external taxes may be able to draw out one-third of the resources of the United States. Another third may be secured by taxes on houses and lands. This would leave only one-third of the resources of the country for poll taxes, excise taxes, stamp duties, and the like.

Most important of all is the evidence afforded by a paper which Hamilton submitted to Madison near the close of the convention in Philadelphia. This was intended to delineate such a constitution as Hamilton would have preferred to have the convention adopt. Many of its provisions are unlike those of our present constitution; but the document was clearly influenced, to a considerable extent, by the deliberations that had taken place. Instead of the direct-tax clause, Hamilton substituted<sup>5</sup> the following provision: "Taxes on lands, houses, and other real estate, and capitation taxes, shall be proportioned, in each State, by the whole number of free persons, except Indians not taxed, and by three-fifths of all other persons." In another place it will be shown that Hamilton insisted that the words direct taxes had no uniform and settled meaning, in the United States at least.<sup>6</sup> In view of this fact it seems certain that Hamilton sought, in this draft of an amended constitution, to remove all the ambiguities that were to cause so much difficulty in the interpretation of the words direct taxes.

(8) Some other evidence of a somewhat different character may well be presented at this point. Foreign tax systems were

<sup>1</sup> Lodge, *Works of Hamilton*, ix, 209.

<sup>2</sup> Lodge, *Works of Hamilton*, ix, 210.

<sup>3</sup> Lodge, *Works of Hamilton*, ix, 213.

<sup>4</sup> Lodge, *Works of Hamilton*, ix, 69, 70, 124, 125, 199, 200.

<sup>5</sup> Elliot, *Debates*, v, 588.

<sup>6</sup> Lodge, *Works of Hamilton*, vii, 328.

more or less carefully studied by the men of the time of the formation of the constitution. In 1781, Hamilton stated:<sup>1</sup> "The nations with whose wealth and revenues we are best acquainted, are France, Great Britain, and the United Provinces." In the finances of England and France, at this time, taxes upon real property constituted the chief source of revenue, with the exception of customs, excise, and stamp duties. This was fully appreciated in America. Thus Ellsworth said:<sup>2</sup> "In England, the whole public revenue is about twelve millions sterling per annum. The land tax amounts to about two millions, the window and some other taxes, to about two millions more. The other eight millions are raised upon articles of consumption." Many similar quotations might be given.<sup>3</sup> For England, the most available statistics were to be found, undoubtedly, in the writings<sup>4</sup> of Richard Price, who was so well known in America that he was invited by Congress to take charge of the continental finances. For France, the most available work was probably Necker's *Administration of the Finances*.<sup>5</sup> Men who examined the facts presented by Price and Necker, would almost certainly look to land as the principal, if not the only, object of federal taxation, apart from stamp duties, customs taxes, and the excise.

Whether influenced by foreign systems of finance or guided by the history of colonial and state taxation in America, the statesmen of this period always contemplated taxes on real estate and the poll tax, as the two necessary forms of federal taxation supplementary to customs, stamp, or excise duties. In 1780, Thomas Paine proposed import duties and taxes upon lands and houses as necessary and available federal revenues.<sup>6</sup> In the

<sup>1</sup> Lodge, *Works of Hamilton*, iii, 85.

<sup>2</sup> Elliot, *Debates*, ii, 192.

<sup>3</sup> *American Museum*, ii, 123; Lodge, *Works of Hamilton*, ix, 69, 72; *Writings of Paine*, ii, 477; *Annals of Congress*, First Congress, 323, 1894, Third Congress, 630, 640, Fourth Congress, 849.

<sup>4</sup> *Observations on the Nature of Civil Liberty* (London, 1776). See pp. 166-169, of the sixth edition, for statistics showing land, house, and window taxes to be the only important revenues apart from stamp duties, excises, and customs.

<sup>5</sup> An English translation was published in London in 1786, and was referred to by James Wilson. Elliot, *Debates*, ii, 483. Necker's work shows most clearly that the French taxes either fell almost entirely upon land, or took the form of customs and excise duties.

<sup>6</sup> *Writings of Paine*, i, 320.

same year, Hamilton wrote to Duane, advocating a land or a poll tax for "perpetual funds in the disposal of Congress."<sup>1</sup> The following year, he suggested<sup>2</sup> import duties, a tax on land, a moderate capitation tax, and the proceeds of public land sales, as a system of federal revenue. Robert Morris, while superintendent of finance, urged the adoption of several systems of taxation.<sup>3</sup> In 1781, he proposed import duties, an excise on spirits, and a land and poll tax. In 1782, he repeated this suggestion. In 1783, he proposed import duties, with some duties on exports, an excise, a house tax, and a land tax. James Wilson, in 1783, at different times advocated customs duties, a land tax, a poll tax, duties on salt, and possibly an excise.<sup>4</sup> At the same time, Madison proposed customs duties and taxes on land and polls; while Hamilton desired to add to the list a house and window tax.<sup>5</sup> Joseph Jones mentions the various expedients considered during this period, and specifies customs duties, together with taxes on land, polls, salt, wine, spirits, and tea.<sup>6</sup> In 1787, Hugh Williamson mentioned, as the possible federal taxes, excise and impost duties, and taxes on land and polls.<sup>7</sup> George Clinton said<sup>8</sup> that, when revenues derived from commerce should prove insufficient, Congress would levy taxes upon polls, lands, and window lights. Other similar references may be given.<sup>9</sup>

In view of all these facts, it seems certain that the Supreme Court, in 1796, stated a simple historical truth when it declared that the framers of the constitution contemplated poll and land taxes as the forms of direct taxation. It will be clear that the court had good reason for doubting whether taxes upon personal property were thought of in this connection.

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<sup>1</sup> Lodge, *Works of Hamilton*, i, 208, 214.

<sup>2</sup> In his *Continentalist*. See Lodge, *Works of Hamilton*, i, 248, 249.

<sup>3</sup> See Sumner, *Financier and Finances of the Revolution*, ii, 69-70; Elliot, *Debates*, v, 64; Sparks, *Diplomatic Correspondence of the Revolution*, xii, 226-231.

<sup>4</sup> Elliot, *Debates*, v, 33, 39, 40.

<sup>5</sup> Elliot, *Debates*, v, 38.

<sup>6</sup> *Letters of Joseph Jones*, 98.

<sup>7</sup> *American Museum*, iii, 553.

<sup>8</sup> Ford, *Essays on the Constitution*, 272.

<sup>9</sup> *American Museum*, vii, 85, xii, 219.

## THE BEGINNINGS OF GERMAN COLONIZATION.

**A**MONG German writers on colonization there exists a consensus of opinion as to the tardiness of Germany's entrance upon the colonial field. The common cry is "too late," and it is voiced in all accents from those of the reproachful complainer to those of the belligerent partisan and agitator. Among certain of these parties there is manifested a disposition to hold some person or policy responsible for such national backwardness; others disclaim to assail the past, accept the present situation as inevitable, and direct their thoughts and efforts toward the future.

The latter attitude embodies the part of wisdom—the more so because upon reflection it is seen that Germany's past indifference toward organized expansion and colonization has been perfectly natural, and could hardly have been otherwise. During the last few centuries and up to the borders of our own generation Germany has been in no position to devote attention and effort to matters of this kind; internal conditions and external relations have alike impeded the development of colonial activity in distant lands. Periodically through the earlier centuries and during part of the nineteenth, frequent, long-continued and devastating wars reduced the population and destroyed accumulated wealth; industrial development was indefinitely postponed; political centralization and national unity were rendered impossible in a continuous strife of petty local interests. External relations were such as to discourage and cripple the trade of a country whose geographical position was and is most unfavorable to the development of shipping and transoceanic commerce. Everything was narrow, local and self-centred, horizons were limited, and ignorance of the external world was dense. Whatever may have been the intellectual life of the higher classes as exemplified in Humboldt, Goethe and others, the masses of the people had acquired no such cosmopolitan freedom of outlook, nor such enterprise and experience of the outside world, as



distinguished the industrial and commercial population of England and Holland during the same periods.<sup>1</sup> Germany was looked down upon by many of her own greatest men as irretrievably provincial and uncultured.

The impracticability, in the earlier periods, of German colonial ventures across the seas is shown by the history of an actual attempt at colonization dating from the end of the seventeenth century.<sup>2</sup> Frederick William, the great Elector of Brandenburg, a man of theories, who had picked up many foreign ideas during a period of study in Holland, conceived the scheme of making Prussia prosperous by creating colonies after the manner of the Dutch. He maintained a fleet under the command of a Dutch pirate, Raule, in order to secure his prospective commerce from the depredations and tyranny of the Swedes and Danes. After the peace of St. Germain (1679), finding his hands free from war, he turned his whole attention to colonization; the Guinea coast of Africa was his immediate objective, and there he hoisted his flag in 1683. An African Company with a trade monopoly had been founded in 1682, which for a time made considerable profit by a vigorous participation in the slave-trade. Negotiations were made with the Danes for the establishment of a slave-station or mart on the island of St. Thomas in the West Indies, and a small island between St. Thomas and Porto Rico was actually seized.

For the direction and prosecution of his project Frederick was obliged to have recourse to foreign agents. This was disastrous, for the numerous Dutchmen in his service seem to have jeopardized his undertaking about as much as their professedly hostile countrymen did. The local African management was incompetent and dishonest, and the settlement became a refuge for

<sup>1</sup> This condition lasted far down into the nineteenth century. See Dr. Weitzmann *over de Duitsche Koloniale Politiek*, *Indische Gids*, 1897, ii, 1387.

<sup>2</sup> Germans like to recall also the memory of how the famous Augsburg "Welser" undertook to develop and colonize Venezuela. This was a sort of miniature "conquista" after the Spanish model, depending upon warlike methods "without any serious prospects of commercial advantage." It took place about the middle of the sixteenth century, and suffered continually from the enmity of the Spaniards. R. Ehrenberg, *Das Zeitalter der Fugger* (2 Bde Jena, 1896), I, 200.

smugglers, broken men and outlaws. The company was always hovering on the verge of bankruptcy, and the Elector confessed that every new ducat of Guinea gold cost him double its value. In the midst of complications with Holland, the Prince died; his successor had little sympathy with colonial projects, and after some half-hearted attempt to revive the Africa Company, the heavily involved colony was sold to the Dutch West India Company in 1720. The West India settlements were abandoned.

This ill-starred exploit was a private project, attracting at its best but few supporters; its collapse "was the failure of a strong personal initiative to overcome the tastes and prejudices of a whole people."<sup>1</sup> It is in no way to be reckoned as a display of collective activity, but demonstrates rather the utter hopelessness of trying to force a people out of its natural course of development. The German people, as a whole, were under the domination of social forces which were acting along lines of least resistance, and were impelling them, as it were instinctively, in the earlier period toward the East, and from Louis XIV's time toward America. Historically the Eastern movement goes back to the exploits of the Teutonic Knights (thirteenth century), and needs little mention here except as it throws light upon the sometimes questioned capacities of the German people in the field of colonial expansion. It was steady and strong, causing the Slav much apprehension; Russian and Polish novelists have shown how formidable it appeared to their countrymen, even in recent decades. It would have been strange, then as now, if this people had neglected what was at their very doors in order to acquire unknown possessions beyond the seas. In the nature of the case it little mattered to the average German that fellow-countrymen on the opposite side of the globe were compelled to seek protection beneath the British flag, because the fatherland possessed neither colonies, consuls nor navy; the fact that counted was that gradual expansion into Poland and Lithuania demanded little outfit, mental or material, and little adaptation of any kind.

<sup>1</sup> Meinecke, *Die Deutschen Kolonien in Wort und Bild* (Leipzig, 1900), 1-3; H. A. Perry, *The Traditions of German Colonisation*, *Macmillans' Magazine*, 62; 113 (1890); J. S. Keltie, *The Partition of Africa* (London, 1893), 162. Details in Schmidt, *Deutschlands Kolonien* (see p. 38, note 4) 1, x-xxi. The first experience of the Germans with African fever was most disastrous.

As for America, emigration was less easy: conditions were less familiar, some capital was almost indispensable, and a greater effort and decision were demanded. But positive benefits were such as to attract a people noted for its expansive force and not unready to quit its native soil in order to better conditions of life. In America, especially in the English colonies, later the United States, one could live in a congenial climate, acquire land in certain tenure and pursue his labors with the assurance of a livelihood and more. The vexatious and oppressive European system, with its crystallized distinctions and exactions, could not exist where land was plenty, conditions primitive, and cultivators few. In the new States that were rising, an individual might cut loose from his past history and start anew under conditions of virtual equality of opportunity; he might hope to realize, at least for the generations to come, advantages of wealth and position which it had been impossible for preceding generations to secure for him in Europe. This was felt, more or less vaguely at first; evidence was soon accumulated from instances of the phenomenal successes of the first bolder adventurers. However much conditions have changed in America, this primal impulse toward self-betterment is as ever a most powerful element and has regularly neutralized efforts to divert the stream of emigration. The immense importance to both Americas of this desirable inflow is well known.

No more accidental incidents occurred to interrupt the normal course of events. Prussia remained innocent of any serious maritime or colonial policy from the time of the Brandenburg episode till the middle of the nineteenth century.<sup>1</sup> The factors which make for industrial development continued to be but feebly represented; wars of all kinds and finally the crushing blows of Napoleon I. kept the Continent in a state of insecurity, ferment and demoralization and allowed England and America to monopolize commercial and industrial progress. Germany suffered with the rest under the blight of war, but when at last the upheavals were over, it was seen that a powerful country and people were emerging; the narrowness of the past was disappear-

<sup>1</sup> Perry, *Traditions*, etc.



ing, and under the *régime* of peace, population, capital and industrial and commercial activity were advancing at an accelerated speed. With the expansion of national interests came a widening of popular horizons, and Germany of the sixties displayed almost all the characteristics usually associated with a "colonizing nation." A series of judiciously managed wars under the guidance of a great statesman created the indispensable element of national unity, and the state, coherent within, was ready to try its arms in more distant fields and to enter upon a world-activity which should in time include the extension of control over distant territory.<sup>1</sup>

During the period preceding the culmination of Bismarck's policy of unification, noteworthy omens for the future began to appear in the form of unofficial foreign undertakings in the commercial, missionary and scientific fields. The German trader and missionary became ubiquitous, and the Hamburg and Bremen merchant-houses extended their activity to South America, Africa and Australasia. Emigration of men and capital went along with the growth of a merchant marine and the formation of wide interests in foreign parts. Treaties were made with Eastern nations. German explorers and scientific travelers commenced to publish results of investigations pursued with a method and thoroughness to which the world was not used. Prussian men-of-war began to multiply and to appear on cruises of discovery and survey.<sup>2</sup>

After the war with France had welded the German nation into a still more coherent whole and had inspired it with the elation of victory and the sense of important individuality, voices began to be heard which demanded the official extension of German

<sup>1</sup> P. Leroy-Beaulieu, *Colonisation chez les Peuples Modernes* (4th edit., Paris, 1898), 304.

<sup>2</sup> *Der Deutsche Export nach den Tropen und die Ausrüstung für die Kolonien* (Berlin, 1900), 1 ff.; Meinecke, 4-5; H. Blum, *Neu-Guinea und der Bismarck-Archipel* (Berlin 1900), 8 ff.; J. Graf Pfeil, *Studien und Beobachtungen aus der Südsee* (Braunschweig, 1899), 10 ff.; H. H. Johnston, *The Colonisation of Africa by Alien Races* (Cambridge, 1899), 206 ff.; Keltie, 169-70; F. C. Philippson, *Ueber Colonisation*, *Volkswirtschaftliche Zeitfragen*, Jahrg. 2, Hefte 4, 5 (Berlin 1880), 61 ff. "Colonies are in our present development a natural and inevitable consequence of a vigorous trade across the seas;" T. Fabri, *Kolonien als Bedürfnis unserer nationalen Entwicklung* (Heidelberg, 1884), 10.

control over external territory. These views were opposed from many prudent sources, and a controversy arose, where, as usual, enthusiasm scored heavily against foresight—if one is to judge by the sequence of events.

A couple of pamphlets, published late in the seventies,<sup>1</sup> initiated the awakening of popular enthusiasm. The arguments of the colonial agitators centered about the questions of emigration, extension of markets, protection of trade-interests, development and use of a marine and establishment of penal colonies.<sup>2</sup> These were varied by the *argumentum ad hominem* and the heated appeal to patriotism and popular passions. Too often efforts were made to enlist the emotions rather than the intellect. The spirit of '71 ran riot, and much was heard of "*das kanonenfeste Deutschland*," of Germany's "*Weltberuf*," etc. The political symbol or catchword was ardently reiterated, and other concomitants of political hysteria were in evidence.<sup>3</sup>

Of arguments that pretended to a rational basis that which had to do with overpopulation and emigration was most often heard. The stock form of statement was to the effect that Germany lost every year the equivalent of a large army, fully equipped, inasmuch as those young able-bodied emigrants who regularly quitted the fatherland, each with his \$100 or so, ceased forever to be Germans, and devoted their strength and capital to the augmentation of a ruinous competition with their former fellow-countrymen.<sup>4</sup> The net loss in labor-power and capital

<sup>1</sup> F. Fabri, *Bedarf Deutschland der Colonien? Eine politisch-ökonomische Betrachtung* (Gotha, 1879). E. von Weber, *Die Erweiterung des deutschen Wirtschaftsgebietes und die Grundlegung zu überseeischen deutschen Staaten* (Leipzig, 1879). Philippson (6 ff.) states the arguments of these writers and answers them.

<sup>2</sup> Wohltmann, *Indische Gids*, 1897, ii, 1387; Philippson, 7 ff.

<sup>3</sup> G. Engler, *Koloniales. Eine umfassende Darstellung der Colonialverhältnisse des Deutschen Reiches und der übrigen Europäischen Staaten* (Hamburg, 1889), 77, 133; T. Fabri, 8, 12, etc.; R. Oberländer, *Deutsch-Afrika* (Leipzig and Berlin, 1885), 167 ff. Cf. Philippson, 83.

<sup>4</sup> Considerable complaint is made of the speedy amalgamation of German emigrants with their new fellow-countrymen. Engler, 114, note; Philippson, 6. Bismarck himself frequently expressed his contempt for Germans who could shake the dust of the fatherland thus indifferently from their feet. *Conversations of Prince Bismarck* (H. von Poschinger), edited by Sidney Whitman (New York, 1900), 237. Emigration to the all-assimilating United States has naturally been the most dispiriting feature of the question. Between 1870-90 the emigration to the United States was never under 90 per cent. of the total. Geffcken, *Forum*, 13: 200; cf. *Der Deutsche Export*, etc., p. 2.

was variously footed up, but always reached a very high figure.<sup>1</sup> Fabri and Weber raised a great outcry over this and predicted rise in prices, decline in wages, overimportation, and aggravation of pauperism, social need and socialism. They thought to cure all this evil by directing German emigration to German colonies. Here it was proposed to create a field for the youthful professional men, technicians, etc., who found their chances narrowed in the overstocked market of the homeland. These colonies need not be joined politically with the metropolis, but should constitute essentially German communities, preserving the national language and traits in foreign lands.<sup>2</sup>

Other arguments were brought forward on the ground of trade-interests. It is noteworthy that the Germans, as a rule, put forth such pleas on their own merits; there was little attempt to cloak them in the hypocritical garb of humanitarianism and disinterestedness. The penetration of foreign, especially tropical products, into Germany turned the attention of certain classes to the need of a direct relation of the Empire with its supply region. At the same time the rapid development of home industries and shipping seemed to demand the widening of existing markets. It was felt that Germans must try to insure themselves against the hostility of tariffs and other trade-regulations by creating colonies which should act as a unit with the mother-country, supplying her with raw materials and increasing the demand for her manufactured products. It was also asserted that German trade-interests in distant lands needed the protection and standing which it was thought a possessor of colonies was peculiarly fitted to give.<sup>3</sup> This, of course, easily passed over into jingoism and megalomania; "the victors of Königgrätz and Sedan" could not disavow their manifest destiny. Agitators

<sup>1</sup> T. Fabri, 22; Philippson, 25. F. H. Geffcken estimates the total emigration from 1820-88 as 6,000,000; if each emigrant carried off an average of \$100, the loss of actual capital-goods was very great, not to mention losses incurred in the education of the departing citizens, etc. *The Germans as Emigrants and Colonists*, *Forum*, 13: 200 (1892).

<sup>2</sup> Oberländer, 170; Philippson, 13 ff.; T. Fabri, 20 ff.

<sup>3</sup> R. Jannasch in Roscher-Jannasch, *Kolonien, Kolonialpolitik und Auswanderung* (3rd edit., Leipzig, 1885—third part by Jannasch), 423 ff.; Oberländer, 168; Philippson, 7 ff.; 61 ff.

spent much of their time railing against the provincial small-mindedness of a people which, even in the midst of victories, could not perceive its "mission."<sup>1</sup>

The navy was anxious, of course, for the addition to its growing importance which the supervision of trading-posts and colonies would afford; numerous shipping interests hungered for subsidies and other favors; there were those who complained that the navy had not enough to do, though objections to the increase of naval expenditures were stifled. But, in general, there was no inverse process contemplated; colonies were not expected to create trade and a merchant-marine, but were rather to represent the flower and culmination of the growth of foreign trade and other interests. This attitude may have been due to the strong common sense of Bismarck, which so often held in check the extravagances of the multitude; at any rate, it was impressed upon the state policy.

Arguments in favor of penal colonies, based upon exaggerated estimates of criminality and the dangers of socialism, were also to be heard in pre-expansion days.<sup>2</sup>

It is to be noted, however, that many and worthy names were to be found in the anti-expansionist ranks. In the period of popular agitation, there were those who withstood the current, pleaded for deliberation, and brought counter-arguments to meet the assertions of the dominant faction. It was shown that Germany was far from overpopulated; that emigration took place from the comparatively underpopulated rural districts; that the trend of prices, taking a reasonably extended period, was downward, while that of wages was upward; that rise of the standard of living and growth of new needs explained much of the increasing importation; that the departure of the farmers was due chiefly to an oppressive military service and difficulties in acquiring holdings of land; that painful reminiscences were at the bottom of the Germans' speedy forgetfulness of the fatherland, under the more enlightened system of other nations, and especially

<sup>1</sup> "In der That, wer in aller Welt soll es denn wagen, ohne Scheu vor fremdem Neid Thaten zu thun, wenn nicht der Sieger von Königgrätz und Sedan?" T. Fabri, 17.

<sup>2</sup> Philippson, 50 ff.



of the United States. The self-contradiction of those who decried emigration and yet complained of overpopulation was exposed.

The folly of schemes looking to the regulation of the German population resident under a foreign flag was held up to ridicule, and the weakness of a mere political tie was shown from the experience of England, the very country whose example had been most frequently invoked by the colonial agitators. The weakness of Germany's geographical position, the dangers of European complications, the inexperience of the Germans in governing external territory, the expense of such government with no experienced colonial soldiers and functionaries to back it, its trials and disillusionments, were not hidden from the eyes of the historian and social philosopher. Such critics urged the necessity of reform at home and of development of those arts of life which make possible the maintenance of a larger population on the same soil. This would effectually dispose of the emigration and penal colony arguments.<sup>1</sup> They urged the nation not to accept the propositions of hot-brained young enthusiasts whose ardor scorned to discriminate between the possible and the utterly illusory.<sup>2</sup> If argument or biting satire had counted for anything, Germans would have been deterred from their precipitate rush into the colonial field.<sup>3</sup>

They had little or no effect; apparently Germany had become already a "colonizing nation." There was no thought of pause or deliberation in the ranks of the "*Kolonialmenschen*"; they organized themselves into colonial societies (1882-84), and began to besiege the government with demands for action.<sup>4</sup> Attention

<sup>1</sup> "Jeder Schritt, den wir zur Aufklärung des Volkes, zum Ausbau der Freiheit und zur Versöhnung der socialen Gegensätze thun, wird unsern Staat und unsere Gesellschaft mehr kräftigen, als das Schreckmittel der Strafcolonien." Philippson, 60.

<sup>2</sup> Weber even suggested artificial restriction of the growth of cities. Philippson, 29.

<sup>3</sup> Jannasch, 378-99; 403 (Roscher on German emigration, same volume, 327 ff.); Philippson, 7 ff.; 25 ff.; 38 ff.; 61 ff.

<sup>4</sup> Schmidt, *Deutschlands Kolonien* (2 vols. Berlin, 1895-6), i, 1-2. This work is the most comprehensive of those cited in the present article. It is written by a soldier and exhibits the virtues and defects incident to its origin. The first volume is on East Africa, where the author's own experience enables him to go into considerable detail; the second is a compilation from reliable and important original sources. The work impresses the reader as a reliable and honest production.

was called more sharply to the regulation of emigration and the development of the consular service,—which was apparently a real service to the country.<sup>1</sup> In despair of acquiring unoccupied lands fit for colonies or settlement, the furtherers of the colonial movement directed attention to Brazil, Argentina, Paraguay and other parts of South America, already more or less under German influence; they were willing to fight the United States, if necessary, over the Monroe Doctrine, or to insist upon England's allowing an essentially German settlement in Australia. Some bluster was heard regarding the seizure of French colonies, particularly Pondicherry, together with twenty ironclads, as indemnity of the Franco-Prussian war. This project shipwrecked against the imperturbable opposition of Bismarck. The colonial societies were very much in earnest and were even willing to put their hands into their pockets, if necessary; their influence was powerful and became an important factor in the development of the imperial foreign and colonial policy.<sup>2</sup>

The government, however, was too deliberate to meet their wishes. Statesmanship and its requirements did not enter into their stock of ideas. The government was, of course, Bismarck, and the Chancellor's tardiness came in for many recriminations and caused much disillusionment. Criticism of the government took on a personal tinge. Whatever may have been his later views, for years Bismarck certainly presented the figure of a reluctant, hardly persuaded adherent of a colonization policy. That his finger was ever on the pulse of Germany goes without saying, and it is certain that he saw fit to yield, willingly or regretfully at the outset, to the swelling sentiment of the Empire. But however much his original attitude may have changed, there is little cause to wonder that the brakes were put on with a firm hand and kept on until the farsighted statesman could more

<sup>1</sup> Jannasch (452 ff.) asserts the ineffectiveness of the consular service; he says the selection of the consuls was most vicious—if a man had squandered one estate, he was fit to be consul, if three, to be consul-general. Merit received little reward beyond cheap medals and the like, and the best men kept out of the service.

<sup>2</sup> Chas. Lowe, *Prince Bismarck* (2 vols; New York, etc., 1886) ii, 203; Philippson, 38 ff.; Jannasch, 399 ff.; F. Fabri, *Fünf Jahre Deutscher Kolonialpolitik* (Gotha, 1889), 135.

confidently reckon with the national future. A young nation, scarcely yet united, was eager to enter a field where shocks and strains were in the order of events, and where inexperience was likely to feel their force with peculiar intensity. Collision with nations whose friendship was all but indispensable was more than a possibility. It is scarcely surprising if the prudence of age hesitated to expose an unseasoned people to all these chances and trials.

The conservatism of the Chancellor was radicalism from the standpoint of the Reichstag. This body consistently opposed all colonial schemes and naturally became a mark for incessant abuse and complaints of narrowmindedness. Even after Bismarck began to advocate the acquisition of colonies, the Reichstag was not won over, but continued to offer hateful obstruction to the wide-reaching plans of the expansionists. There was besides a large indifferent element among the people to provoke these "patriots"; the peasant stolidly emigrated as before, and the general populace needed many a warm and specious appeal before it swung into line with the agitators and the interested merchant circles. It was danger to the interests of the latter class which most directly stimulated governmental activity.

Bismarck seems to have foreseen the ultimate colonial destiny of his country, but to have regarded the first projects as ill-timed. To the earliest approaches of colonial partisans he gave no satisfaction.<sup>1</sup> In his opinion, the merchant should precede the official, whose entrance upon the function of administering young societies should take place relatively late. Colonies without a fleet he regarded as so many vulnerable and undefended points.<sup>2</sup>

But he was always open to all suggestions looking to the development of trade. Trade was an immediate advantage;

<sup>1</sup> To those who wished to relieve France of colonies and battleships, he said, "I want no colonies. They are good for nothing but supply-stations. For us in Germany, this colonial business would be just like the silken sables in the noble families of Poland, who have no shirts to their backs." Lowe, ii, 203. In the Reichstag, (Jan. 22, 1889) he announced, "Ich war von Haus aus kein Kolonialmensch." Charles Andler, *Le Prince de Bismarck* (Paris, 1899), 270; F. Fabri, *Vorwort*. He was studying up the subject of colonization, however, as early as 1876. Lowe, ii, 210.

<sup>2</sup> The phenomenal growth of the German navy (1871-85) seems to have done away in part with this objection. Lowe, ii, 203.



whether it would lead in time to the official occupation of colonies was a question for the future to decide. Bismarck sounded the public mind in regard to trade with considerable regularity. In 1883 he put forth a request to merchant societies for reports and recommendations on the attitude to be taken by the government toward German commercial interests in foreign parts. Some of the reports submitted urged vigorous action, but no action was taken. In 1880, with the failure of the ancient Godeffroy house, the time seemed ripe for more positive measures; the extinction of German trade in Polynesia, where it was predominant, was threatened, unless a substitute for this well-known house could be maintained. Bismarck accordingly asked the Reichstag to guarantee the dividends of a new South Sea Company by a maximum annual grant of 300,000 marks, for twenty years. The demand was refused by a small majority (sixteen).

Evidently the time was not yet; but Bismarck's change of attitude was attested by his bitter complaints of this lack of support "even in the beginnings of colonization." He felt that the time for action had almost come. The next move was the proposal of a mail-steamer subsidy bill; this was rejected by the Reichstag, but warmly applauded by the country at large.<sup>1</sup> At this juncture, feeling sure of popular support, but desiring to stimulate it to the pitch of blind partisanship, and thus once for all decide the issue, Bismarck deftly smote that one of the national heart-strings which vibrates to national vanity. He departed from his avowed custom and published a White Book (1884) detailing with gross onesidedness his grievances and maltreatment at the hands of the English diplomatic office, in connection with questions of trade-interests and protection in Southwest Africa. These virtuous remonstrances gained him the sympathy not only of his own countrymen, but that of English circles as well. In Germany, the opponents of colonial expansion were no longer heeded; a force stronger than reason had been invoked and the path was cleared for the realization of what had become one of Bismarck's chief aims.<sup>2</sup>

<sup>1</sup> It was passed in the next (1884-5) session.

<sup>2</sup> Lowe, *Prince Bismarck*, ii, 211 ff.; Meinecke, 17; Philippson, 66 ff.; F. Fabri, 15-6; Keltie, ch. xii; Andler, 272; Geffcken, *Forum*, 13; 200.

This S. curves round indeed was the crisis in Germany's development as a colonial power. It was not approached by the Parliament (parliamentary) numerous petitions of missionaries and others in 1883, but the government had been pigeon-holed before the pressing appeals of the tiny agencies. These and the uncertain presence of Lüderitz actually forced representations to be made to England. Her snuffing and evasive answers and her lack of reaction in response to straightforward inquiries concerning England's interest in the country about Angra Pequena seem finally to have embittered Bismarck's patience. He had spent fruitless months in polite negotiations whose net result was practically nil and though slowly apprehending to the full the value of England's friendship he at last suddenly and peremptorily declared a protectorate over the Lüderitz possessions of Southwest Africa.<sup>1</sup> All intentions of conquest were disclaimed.

After this step it seems that the Rubicon had been crossed. England protested but finally acquiesced as gracefully as possible under awkward circumstances, and the colonial party at home in Germany flung their grievances and demonstrated vigorously.

But Bismarck still clung to his enunciated policy: he announced that Germany was not going colony-hunting: "German colonies would, like the English, have to trust to individual effort and natural growth, not like the French, to artificial forcing and state patronage."<sup>2</sup> This common sense doctrine was characteristic of Bismarck's whole colonial activity: he departed from it only under the strongest pressure. When he is found favoring pro-

<sup>1</sup> Lüderitz was a Bremen merchant who acquired in 1883 by purchase from native chiefs about 215 square miles of land on the bay of Angra Pequena, with all rights of supremacy. His ostensible purpose was to found a trading-station, but there is little question that he was inspired by the inner circles of the colonial societies. He was soon beyond his depth in this undertaking—this necessitating the formation of a company for Southwest Africa. The extreme caution and the non-committal character of the government's attitude toward Lüderitz are especially to be noted. Schmidt, ii, 257 ff.; Keltie, 178 ff.; Oberländer, 148 ff.; C. G. Böttner, *Die Hinterland von Walvischbai und Angra Pequena* (Heidelberg, 1884), 115-6; F. Fabri, 3 ff.

<sup>2</sup> He instructed the German consul at Cape Town (April 24, 1884) to declare officially that Lüderitz and his settlements were under the protection of the Empire. A naval officer hoisted the imperial flag over Angra Pequena Aug. 7, 1884. Schmidt, ii, 261; Keltie, ch. xii; Johnston, 249 ff.

<sup>3</sup> Perry, *Traditions*, etc.; F. Fabri, 100; Leroy-Beaulieu, 308; Lowe, ii, 213.

jects of expansion, one may be sure there is some pre-existing commercial interest to be safeguarded; he never believed in colonies for the sake of colonies. Throughout his period of power he seems consistently to have kept the history of England and her example before his eye. Though a man of quick decision and daring action, self-confident as few statesmen have the right to be, he prepared for entrance upon the untried colonial field modestly and as a student.<sup>1</sup> To him statesmanship meant wise direction of popular impulse; he risked and lost much popularity because he kept his head cool and his hand firm, and insisted upon postponing colonization until the time was ripe.

When, in 1884, the reins were slackened and the colonial movement had been concentrated and directed toward an immediate success through the enlistment of popular prejudice and self-esteem, further developments were not slow to manifest themselves. The latent and gathering forces of the preceding period were transformed into actual energy and momentum and within four months of the establishment of a protectorate over Southwest Africa, the clamor of trade-interests in West Africa had brought about the official occupation of Togo (July 5, 1884) and Kamerun (July 14, 1884), and the representations of South Sea merchants<sup>2</sup> had led to the virtual seizure of Kaiser Wilhelmsland and the Bismarck Archipelago (Aug. 20, 1884). Here, as in Southwest Africa, the missionaries had played their part.<sup>3</sup> In these cases it may be said that the Chancellor's policy of trader first, government afterward, was carried out; but a wide deviation from this system was yet to come. On Oct. 1, 1884, three young

<sup>1</sup> Lowe, ii, 210.

<sup>2</sup> Complaints were made of an imminent English and Australian expansion over German trade-districts. Bismarck, at the same time, had become distrustful of the sincerity and value of British protection of German interests and felt that the situation called for speedy action in the establishment of a German foothold in the threatened region. Schmidt, ii, 292-9; Lowe, ii, 231. The South Sea projects were furthered through the influence of Hansemann and other important financiers. F. Fabri, 9; Andler, 273; Schmidt, ii, 292 ff.

<sup>3</sup> Schmidt, ii, 51 ff.; 173 ff.; 292 ff.; K. Freih. von Stengel, *Die Rechtsverhältnisse der deutschen Schutzgebiete* (Tübingen und Leipzig, 1901), 10 ff.; Keltie, ch. xiii; F. Fabri, 9 ff.; Johnston, 249 ff.; Oberländer, 156; G. Müller, *Land und Leute im Bismarck-Archipel* (Leipzig, circa 1893), 2 ff. Büttner (68) says the missionaries had commenced their activity in Southwest Africa as early as 1864.

adventurers, under assumed names and disguised as laborers, undertook for the *Gesellschaft für deutsche Kolonisation* the seizure of what is now German East Africa. No German interests worth mentioning existed in this part of the earth. The objects of this expedition were attained with extraordinary celerity; so-called treaties were made with a number of native princes, who were cajoled into agreements which they understood very imperfectly, if at all, and concessions of land and administrative privileges were obtained to which imperial protection was extended through charter, Feb. 27, 1885.<sup>1</sup>

In the middle of 1884, Germany had had no possessions beyond the seas; early in 1885, she found herself a great colonial power, possessing an external empire of over 1,000,000 square miles and exercising dominion over more than 10,000,000 subjects, mostly of lower races.<sup>2</sup> The tide had been taken at its full, and the nation had been guided through a dangerous passage without war and without loss of prestige or dignity. The issue once joined, Bismarck's policy had been of a daring and decisive nature. He had handled the English with scant respect, in marked contrast with his former courtesy and patience, and had resorted to stratagems, ambiguities and evasions which had been completely successful in throwing the unsuspecting and self-satisfied British government off the track until it was too late. The German commissioner, Nachtigal, had snatched Togo and Kamerun from under the very nose of the English commissioner and no apologies were made for the seizure of East African districts which Great Britain had long regarded as prospectively her own. It is noteworthy that the attitude maintained toward France and French colonial susceptibilities during this period was markedly conciliatory and cautious.<sup>3</sup>

<sup>1</sup> Schmidt, i, 115-116, 117, 118. Keltie, ch. xvii; F. Fabri, 7 ff.

<sup>2</sup> Schmidt, i, 116-117, 118 (estimates of 1890); these figures are, of course, only approximate. Estimates for 1890, subtracting areas and population acquired since 1885, give area of possessions 1,025,110 sq. miles; total population 10,000,000. Schmidt, i, 118-119.

<sup>3</sup> Schmidt never so far forgot to be impatient with England as to have compromised a German man with France. He could not afford to antagonize her. Schmidt, i, 117, 118. Keltie, 201.

After 1885 the German policy of the Cape



Such progress in expansion as has been described ought, one would think, to have satisfied colonial partisans and given them faith in the government as represented by Bismarck. Perhaps their appetites had been whetted too long; at any rate they grumbled still. The Chancellor was too conservative for them; they chafed under his guidance and were unable to forgive him his lack of warmth and energy. They hailed his retirement with undisguised joy and welcomed the advent of the young emperor into sole power with high hopes. They greeted the perpetrators of unspeakable horrors in the new possessions as heroes, and knew no measure in their loves and hatreds.<sup>1</sup> Nevertheless, the Reichstag refused to be fired by their excitement. The proposals of Prince Bismarck looking to the direct management of the protectorates by the imperial government were rejected. The public purse was not to be opened, and of necessity recourse was had to the old expedient of monopolistic companies of trade and exploitation. These companies undertook severally the management of East and Southwest Africa, the New Guinea region (including Bismarck Archipelago and the Solomon Islands) and the Marshall Islands, under the protection of and under responsibility to the German Chancellor.<sup>2</sup>

These sudden and successful moves of Germany initiated a wild scramble for what was left of Africa, and, indeed, of the world at large—a contest ended for Africa with the Berlin Conference of 1884-5, in which the respective spheres of influence of the powers were delimited and the opportunity for further exploits and adventures in land-grabbing reduced practically to nil.<sup>3</sup> With the seizure of New Guinea and adjacent islands, the occupation of "unoccupied" lands has virtually come to an end on earth.

authorities did much to arouse the wrath of Prince Bismarck and the German people and to strengthen the resolve of the former to throw himself heart and soul into the Colonial movement." Bismarck thought that if the dog wouldn't get out of the manger, he must be pelted out. Lowe, ii, 219.

<sup>1</sup> William II. in his youth is said to have been fired with zeal for colonial expansion by the example of his distant predecessor, the Elector of Brandenburg. Cf. *Spectator*, 81; 481; Perry, *Traditions*, etc.

<sup>2</sup> Togo and Kamerun were taken directly under imperial rule. On the Companies, see the next paper. The Marshall Islands were occupied in 1886. Von Stengel, 17.

<sup>3</sup> Von Stengel, 10 ff.; Keltic, 205 ff.

Germany, after centuries of indifference, has completed the race among the very first; in extent her colonial empire is inferior only to those of England and France. Unfortunately, its quality is that which usually marks the portion of the late-comer.

Preceding their official occupation, all of these colonies<sup>1</sup> except East Africa had been more or less familiar to the German missionary and trader. Substantial commercial interests existed in Kamerun and Togo; the missionaries of Southwest Africa were predominately Germans; and beginnings of both trade and missions had been made in the South Sea possessions. Upon the continent of Africa, Germans had been famous for many years as explorers and pioneers, while German missionaries had dared and suffered in the very centers of savagery. The extension of protection to German interests was real in West Africa and plausible in Southwest Africa and New Guinea; asserted in regard to East Africa, it was a mere pretence.

The major possessions of the German Empire may be roughly divided according to latitude into two classes, the tropical and the sub-tropical. All belong to the first class except Southwest Africa. Of the conditions of these colonies dependent on latitude, climate<sup>2</sup> is the most decisive and the most unfortunate. The climate of all the colonies in low latitudes is typically tropical with the exception of alleged sanatoria in the mountains of Kamerun and New Guinea, and of the Kilima Njaro slope in East Africa, where altitude corrects latitude to some extent.<sup>3</sup> All these tropical colonies are abodes of fever and malaria; Kamerun and Togo have an especially evil reputation for the

<sup>1</sup> Strictly speaking, the German possessions are neither colonies nor protectorates. They have as yet too few settlers to deserve the name of colonies; and, in reality, there were no reasonably stable native governments to protect. Von Stengel, 3; 20.

<sup>2</sup> For climatic conditions, flora and fauna of the German colonies, see Schmidt, *passim*; Meinecke, *passim*; A. H. Keane, *Africa* (in *Stanford's Compendium of Geography and Travel*, 2 vols. London, 1895), ii, *passim*; Keltie, chs. xii, xiii, xv, xvii, xxii. The following treat separate colonies more in detail: Blum, 84 ff.; 104; Boshart, 161 ff.; 225 ff.; Büttner, 10 ff.; Hagen, 13 ff.; E. Hermann, *Viehzucht und Bodenkultur in Südwestafrika* (Berlin 1900), 66; 94; *Globus*, lxxix, 3 (Jan. 17, 1901).

<sup>3</sup> Schmidt (l, 148) says that heights of 1000 meters protect in no way.



worst forms of African fever. Dysentery abounds throughout the tropical possessions. Acclimatization is an illusion—all suffer from the tropical diseases, even natives and animals.<sup>1</sup> Aside from the fever, the moist heat, the inevitable hardships and coarse food, not to mention loneliness and homesickness, induce nervous disorders, melancholia and insanity. In short, the regular characteristics and influences of the genuine tropical climate are everywhere in evidence, and we shall see that the Germans have been as little able as any other people to treat their physical environment with indifference.

The soil of the tropical possessions, excepting East Africa, likewise presents slight variation from the type. Rainfall is heavy and vegetation luxuriant, especially in Togo and Kamerun. Valuable woods are common. Palms, rubber trees, bananas, yams, taro, etc., are everywhere at hand, and coffee, tea, tobacco and cotton will, as a rule, flourish and yield abundantly.<sup>2</sup> East Africa is much less favored in matter of soil and rainfall. Wissmann said that four-fifths of the country was barren waste, and of the remaining fifth not all was available for plantations. Dry seasons occur and are severe. The steppe-formation is characteristic. In the German tropical colonies, as in all others, genuine agriculture after the fashion of the temperate zone is impossible, but the plantation system is said to promise much with good management and persistence.

The climate of the sub-tropical colony, Southwest Africa, is reported to be very wholesome and invigorating, especially in the southern part. In spite of the extreme dryness, however, it is acknowledged that fever in a milder form is very common. To neutralize this relative advantage of climate, there is an almost entire absence of rainfall, especially near the coast, and the soil is of such porous quality as to rapidly absorb the water from

<sup>1</sup> A. Boshart, *Zehn Jahre afrikanischen Lebens* (Leipzig, 1898), 229 ff. This author is convinced by long experience that animal's deaths are more often caused by malaria than by the dreaded tsetse fly. His treatment of tropical diseases and hygiene is quite full and satisfactory. It should be supplemented with the very valuable treatise of B. Hagen, an experienced physician of the tropics (*Unter den Papuas*, Wiesbaden, 1899).

<sup>2</sup> Schmidt (ii, 328) and Blum (93) think that northern New Guinea bids fair to rival Java in the raising of tropical products.



the surf runs so high along the whole of the gulf coast that ships are exposed to great danger in landing. Off Togo they are frequently forced to anchor in open sea and depend on native skill to land the cargoes piece-meal. Southwest Africa has one good harbor, Walfisch Bay, but it is in British hands; Swakopmund is said, however, to offer good prospects with skillful engineering.<sup>1</sup> East African harbors are not suitable for large commerce; Dar-es-Salaam, for instance, though it possesses a deep basin, is reached only through a narrow tortuous channel. Other "harbors" are largely beaching-places for Arab *dhow*s.<sup>2</sup>

The rivers of the African protectorates are almost all broken by falls not far from their mouths. In Togo the best river-courses are under French or British supervision; in Southwest Africa there are no rivers—the courses of occasional torrents, after rain in the back-country, are marked by dry beds of sand. The rivers of East Africa and Kamerun are comparatively insignificant. In Africa there are no natural communications with the interior, no arteries of trade; the native caravan roads are mere paths a few feet wide.

In the South Sea region, chances for trade-development are a little better. Good harbors are to be found, and one or two large streams are navigable far into the interior.<sup>3</sup> Penetration by land is unfortunately most difficult throughout New Guinea and the other larger islands; the mountain ranges are much broken, and deep chasms impede advance. Reefs and soundings along the coast have been insufficiently marked as yet; when reliable charts have been made, New Guinea will hold a respectable chance in the trade of its region; but extreme remoteness from Europe and from established Oriental trade-routes will interfere seriously with its commercial development for years and decades to come.<sup>4</sup>

<sup>1</sup> Schmidt (ii, 201) says that Swakopmund will succeed Walfisch Bay as the chief harbor of the district, as the latter is filling rapidly with sand.

<sup>2</sup> On Dar-es-Salaam, see R. H. Davis, *Along the East Coast of Africa*, in *Scribner's Magazine*, Mch. 1901 (xxix, 3, 259); Pfeil, *Vorschläge*, 50.

<sup>3</sup> The Kaiserin Augusta stream is navigable to a point distant about 180 miles (as the bird flies) from the coast. Schmidt, ii, 316.

<sup>4</sup> On the commercial geography of the German colonies, see Schmidt, i, 134 ff.; ii, 2 ff.; 156 ff.; 198 ff.; 302 ff.; Keltie, ch. xxii; Keane, ii, 3 ff.; 189 ff.; 522; Blum, 102; 186 ff.; Pfeil, *Studien*, 3 ff.; *Vorschläge*, 6-7; O. Finsch, *Samoa-fahrten; Reisen in Kaiser-Wilhelmsland und Englisch-Neu-Guinea in den Jahren 1884 und 1885* (Leipzig, 1888), 132.

From time to time reports of the discovery of gold in this or that colony are noised abroad; a little has been found here and there, but as yet the longed-for stimulus of the yellow metal fails the German possessions. Copper has been mined in some quantities in Southwest Africa and iron ore of a high quality is not uncommon, but the nature of the country prevents much progress. Ambitious attempts in the mining of copper have failed signally, and systematic development of the mines will become possible only when better means of transportation shall have been introduced.<sup>1</sup>

The native population of the German possessions, taken as a whole, is sparse and of a distinctly inferior stamp. Hottentots and Bushmen in Southwest Africa, and Papuans in New Guinea represent some of the lowest developed races on the globe. The Bantu peoples of East and Southwest Africa and Kamerun are of a higher order, as are the natives of Togo and the Sudanese of Kamerun; the Bismarck and Solomon Islanders are peoples upon whom some hopes are based. The Kru-men of Kamerun are, on the whole, the best native subjects Germany possesses, though their activity is almost exclusively confined to the sea. Where the tribes are not unspeakably stupid and lazy, they are generally warlike and far from docile. The Somali and Galla, who border East Africa, are in constant feud and render the northern districts of this protectorate extremely dangerous to life and property; in New Guinea there is constant fighting between the coast population and the mountaineers; likewise in Southwest Africa the Herero and Hottentots have struggled for generations, pausing now and then, but only long enough to get breath and recruit strength. The Solomon Islanders are extremely hostile to all Europeans; their archipelago has regularly been the scene of savage outbreaks and massacres. In native Africa there is little settled rule; in Togo and Kamerun alone is there to be found anything approaching a native government, and even this is of no advantage to the Germans, as both rulers and ruled are devout Mohammedans, with all that implies of hostility to European culture. The further difficulties of the native question

<sup>1</sup> Keane, ii, 175; Büttner, 43 ff.



will appear in a later paper, but enough has been said to characterize the native situation as most unfortunate.<sup>1</sup>

Taking a general view, then, of the Germans and their colonies, we find a people as fully equipped as any other in the matter of national character, numbers and culture, and superior to all but the most advanced in commercial and industrial enterprise and in accumulated wealth. National unity is recent but strong, and national discipline is without its equal. For colonial undertakings the Germans seem to lack only experience with its accumulated precepts of practical wisdom.<sup>2</sup> The strength of Germany as a young colonial power can best be seen by a comparison with the weakness of Italy, whose modern colonial activity began but slightly before that of the more northern people, and whose tentatives and early colonial development remind one in many ways of the German beginnings sketched above.<sup>3</sup> Often such comparison is suggested by the almost absolute contrasts involved. Other interesting resemblances and differences might be discovered if one were to compare German colonization with the recent artificial expansion of the United States.

As for the colonies themselves, which this new nation was to try to develop and make profitable, they were among the most difficult to deal with in the whole world. Nowhere was there a refuge for pilgrims from the fatherland—the questions of over-

<sup>1</sup> For the natives of the various colonies, see F. Ratzel, *Völkerkunde* (2 vols. Leipzig and Wien 1894-5; translated, *The History of Mankind*, 3 vols. London and New York, 1896-8), ii, i, A, B, C, *passim*; 486 ff.; Schmidt, i, 160 ff.; ii, 13 ff.; 162 ff.; 221 ff.; 334 ff.; Keane, ii, *passim*; Meinecke, *passim*; Reichenow, 25 ff.; F. Fabri, 33 ff.; Engler, 135; O. Finsch, *Ethnologische Erfahrungen und Belegstücke aus der Südsee* (Wien, 1893), *passim*.

<sup>2</sup> "The German settler has all the qualities which distinguish the Englishman with somewhat less initiative, whilst he is less inclined to adventures. He is calm, sober, economical, striving less to become quickly rich, and better educated. After all, the German and the Anglo-Saxon emigrants are of the same value. All unbiassed observers pronounce them to be *paris inter nationes*. This is particularly the case in the most important branch, agriculture—the German and the Scotch are considered the best farmers;" Geffcken, *Forum*, 13; 200 (1892) p. 204, note; Philippson, 5; *Der Deutsche Export*, 8. Cf. also F. Fabri, 13; Jannasch, 368; (A. Bastian), *Einiges aus Samoa und andern Inseln der Südsee. Mit Ethnographischen Anmerkungen zur Colonialgeschichte* (Berlin 1891), 59.

<sup>3</sup> See YALE REVIEW, ix, 2, (Aug., 1900), 175-91.

population and emigration had been settled in no respect. The current of emigration did not swerve from its old course. Natural difficulties stood in the way of hoped-for trade advantages and there was practically no native population to depend upon for coöperation in economic development. To be sure the "patriotic" and "liberal" spirit had been somewhat appeased—a great demonstration had been made and England had been overreached and snubbed into the bargain. This was undoubtedly something; it was as balm to the souls of certain of the colonial following. But the more rational could not but see that their efforts had brought them little nearer than before to the substantial results for which they had hoped. Among such men there were grave misgivings as to the outcome.

Whatever else may be said, Germany's colonial future was exceedingly problematic in 1885, when the last great possessions had been appropriated. It devolved upon the nation to demonstrate its capacities in the new and strange field.<sup>1</sup>

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<sup>1</sup> The discussion of Germany's colonial policy and kindred topics is reserved for a subsequent article.—EDITORS.



## THE FORMATION OF THE FILIPINO PEOPLE.

A STUDY of the old missionary chronicles is of high importance in forming an intelligent judgment of the condition of the Filipino populations to-day. Their position is, in many ways, unique among nations. Their national organization, such as it is, as well as their religion and moral culture, come from Spain, but their race and character are mainly Malayan, like those of many other islands of the Pacific Ocean. The nature of the processes which have made so wide a difference between the people of Luzon and those of Borneo or Celebes can only be traced in history. Fortunately the materials are abundant. The original missionaries and their successors were men of literary tastes, and, almost from the beginning of the Spanish colonization, they set themselves to describe the new lands in which they found themselves. The earliest printed account of China, published in 1595 in Madrid, was the work of Fray de Rada, who accompanied Legaspi in the first expedition. Since his time, the number of chronicles and descriptions, written by Philippine missionaries, is enormous. Many are still preserved in manuscript in the libraries of various convents in the islands, besides those printed at different times. A commission of scholars published some of these hitherto unprinted works in 1892, under the name of "*Biblioteca Historica Filipina*."<sup>1</sup> They are a "History of Events of the Order of St. Augustine in the Islands," written in 1634 by Fray Medina, a member of that body; a "Chronicle of the Province of St. Gregory in the Philippines, China and Japan," by the Franciscan Santa Ines; and a "History and Description of the Philippines," by the Jesuit Father Delgado,

<sup>1</sup> *Biblioteca Historica Filipina; Historias, Chronicas, Anales, Memorias, Relaciones, Cartas, Papeles sueltos, y demas Documentos Historicos, todos ineditos y desconocidos, sobre la Conquista Militar, Civilizacion Cristiana, Gobierno y Administracion de este Archipelago; Escogidos en los Archivos de sus Conventos Religiosos y Establecimientos Oficiales del Estado y de los Pueblos. Monumento Nacional, Elevado a las Glorias Españolas por la Iniciativa y bajo la Protection del Excelentissimo e Ilustrisimo Señor D. Jose Gutierrez De La Vega, Ex-Consejero de Estado, y Director General de Administracion Civil de las Islas Filipinas.*

finished about 1722. Fray Medina's work is supplemented by another Augustinian account of the native rebellion of Selan in 1762, after the English invasion notes are added by the modern editors, but the original texts are not altered. All, taken together, give a lively picture of native and Spanish life in the islands during the first two centuries of their history.

The work of the Jesuit Delgado is much the easiest reading to a modern man. He writes like a jocular and man of the world, in an easy style very different from the prolixity of Santa Ines, or the painfully accurate lists of dates and elections of chapters which fill Medina's pages. His description of the trees of the archipelago is, for the time, a marvel of scientific knowledge. His view of the native character is much more favorable than the Augustinian's, and he supports his estimates by examples drawn from his own time. He names a native priest who was vicar general in one of the dioceses and other natives occupying high posts in the government in the eighteenth century, and mentions many Filipinos in the ranks of the orders themselves.

Fray Medina is more like an old monastic chronicler in his method of narrating events. A certain tinge of melancholy, devoid of bitterness, colors his narrative. The listlessness of Spanish governors, the laziness of the natives, the decay of particular missions, are constant themes for his pen. His judgments, however, are accurate and concise. His description of the Chinese in his time might readily pass to-day: "They are the greediest nation known and the fondest of silver, but, withal, they are the finest kind of traders and satisfactory ones, having a great advantage in that point over the Japanese. If a Chinese has a profitable business, he trusts and keeps his bargains very satisfactorily." Though Fray Medina's Chronicle ends at the year 1629, he mentions, incidentally, events occurring in 1634, which seems to fix that time as the completion of his work.

Santa Ines is much more enthusiastic than Medina, though, like him, he records carefully the succession of commissaries and provincials, the arrival in the colony of successive bands of missionaries, and other details of the kind. His taste runs to biography, and much of his work is filled with "lives" of various Franciscans of special distinction. This furnishes many details

which would not be recorded in general history, but which are of singular interest as revelations of daily life in the islands more than two centuries ago. Fray Ines, with all his devout enthusiasm, was learned in the knowledge of his time, and not deficient in observation. He is not as critical as the Augustinian, and more inclined to see the bright side of things. His history was composed about 1675, when the missions had been established for several generations. For the early settlement of the islands Father Medina's accounts are specially valuable, as he landed in Manila less than forty years after its foundation.

The conversion of the natives was put forward by Philip II. as the object chiefly sought in settling the Philippines. Odd as such a motive may now seem for the political action of a great power, it appeared entirely natural to the public mind of Europe in the sixteenth century. Christianity was held identical with European civilization, and its development in other lands regarded as of international importance. There seems no need to doubt the sincerity of Philip's intentions in the case. His government had no really important political interest in occupying a group of islands five thousand miles distant from its already unwieldy American colonies. Such occupation might, indeed, hinder European adventurers from making the islands at some future time a rendezvous for buccaneer raids on the coasts of Mexico and Peru, but this was a remote chance and the immediate cost was heavy. The regulations drawn up for the Philippine government in Madrid in 1588 contradict the supposition that revenue was sought from the new establishment. The "*quintos*," or fifths, of gold and silver exacted in America were the chief income of the Crown. Philip reduced that tax to a tenth in the Philippines and ordered that none should be exacted from native gold miners. Slavery was also forbidden in any form, and a moderate poll tax prescribed as the only burden to be laid on the native population. Even this was not to be required except from such as should have been permanently settled under Spanish laws. While the whole military force was fixed at four hundred men, an order was made to send a hundred priests of four different orders to the islands. Finally the Mexican treasury, not the islands, was charged to find the funds for all expenses until such time as the natives should be formed into a civilized population.

Philip's interest in the missionary success of the enterprise extended to a personal selection of the priests to be employed in it. He suggested to the church authorities that these should be taken exclusively from the religious orders, as more suitable to the needs of the wild and savage populations than the ordinary parsonage clergy. Their vows of poverty and obedience, it was believed, would insure greater disinterestedness and zeal. He went so far as to write personally to a simple friar in remote Mexico, requesting him to take charge of the mission work. The friar in question, Urdaneta, was a veteran officer and explorer, who at fifty years of age had entered the cloister. Thus the Augustines began their connection with the Philippines which has since continued.

The missionary character given to the first settlement was not changed by the succeeding Spanish governments during three centuries. Its success or failure may be judged by the condition of the islands at the end of the Spanish rule. They have a population of several millions almost wholly of native or Asiatic race, with no any European aristocracy or military organization established among them. Their religion and moral culture are those of Catholic Europe, their only political organization that of a Spanish colony and the pueblo or village system long prevalent in Spanish territory among European lands. In material well-being, in social order and in schooling and literary culture, they are, at least, not inferior to the peasant populations of most European countries, of Spain itself, or Italy. They have a higher public morality, judged by the standards of criminal courts and social statistics, than most Christian lands possess. In the special material progress of the nineteenth century their share has been smaller than in the other elements of civilization. Their status in that respect is rather that of Europe before the French Revolution. India under English rule and Java under Dutch show greater industrial development than the Philippines. It is noteworthy, however, that while the Hawaiians and the Maoris of New Zealand, the dense populations found by Cook in the Society Islands and other groups, have almost melted out of existence in a century, the Filipinos are growing in numbers more rapidly than any people in Europe itself.



The men who have brought about these conditions in the Philippines, and the methods employed by them, seem worthy of serious study on social as well as purely religious grounds. The passage of different branches of the human race from barbarism to civilization is a historical fact of the deepest interest, and in no other case can its stages be so clearly investigated as in the Philippines. From the German warriors of Arminius to the Germany of Goethe and Humboldt is a transition similar in kind, if greater in degree, to that which has transformed Dyak head-hunters into the existing populations of Luzon and Panay. In the latter case we have the details of the process described in the mission chronicles, while many stages of the development of civilized Europe are lost in the darkness of the past.

Medina's details of Legaspi's arrival in the Philippines show a people then strikingly like the Tahitians and Hawaiians when visited by Cook two centuries later. In Bohol and Cebu the parallel is complete. The acceptance of Spanish supremacy by Tupas is exactly like Kamehameha's hoisting the English flag in Hawaii at Vancouver's suggestion. The New Zealanders killed a boat's crew of Cook's sailors, after receiving the captain's first visit with the utmost satisfaction. Similar things happened in Bohol when Legaspi touched there, and tried to trade with the natives for the provisions needed by his soldiers and ships. They came around the ships in their canoes at first, and the Indian interpreter Pacheto, who had been brought specially with the expedition, explained to them the good intentions of the strangers. Several came on board and offered to bind their friendship to the Spaniards by blood brotherhood. This consisted in each drawing a few drops of his own blood into a cup, which was then filled with wine and drunk by both. The Spaniards submitted with some disgust, the General, as Medina says, "promising himself more for God and his king by that road than the noise of arms." He was undeceived soon. A few days later a boat was sent on shore and the natives offered to go through the blood ceremony, but when one of the sailors bared his breast for the bleeding, a warrior pierced his heart with a lance. The negotiations for provisions were also profitless though supplies were promised and prices agreed on. Finally Legaspi decided to seize supplies by force

and consulted Fray Urdaneta as to whether it were warranted by the moral law. The Father decided that the refusal of provisions in grave necessity was a lawful cause of war, but that first the natives should be informed of the fact. Captain Goiti was sent on shore with the interpreter to give the natives this information and also with fifty men well armed to get the needed supplies. The natives showed fight, but the discharge of the arquebuses was enough to scatter them, more frightened than hurt. The soldiers seized the hogs, chickens and rice which they could find and brought them on board. The conscientious Legaspi paid for them, however, to a chief who had stayed on board during the *mêlée*. Fray Medina appears to think Urdaneta's decision correct, though for himself he regarded the Bull of Alexander, which divided the infidel world between the kings of Spain and Portugal, sufficient justification of war on unfriendly tribes, within the Spanish hemisphere of influence.

Legaspi after some exploration decided to make his first settlement in the island of Cebu. Here he met a similar reception to that in Bohol. However, peace being made at last Urdaneta returned to Mexico in the largest vessel, after having selected sites for a cathedral and an Augustinian convent. He made the voyage, the first ever accomplished in an easterly direction across the Pacific, by going northward to catch the prevailing winds. Communication was thus secured by sea with Mexico, and the future of the settlement reasonably assured.

The mission work was now begun by the three Augustinians remaining. Their first care was to learn the language of the island. Fray de Rada made specially quick progress in this, and he composed the first Malay vocabulary for the use of others. Medina saw this in manuscript nearly fifty years later in Cebu. When sufficiently familiar with the language, the priests began to explain the Christian doctrines, and were listened to with much attention. However, they were slow in admitting the natives to baptism, "because they had doubts about their fickleness and knew how readily those baptized in Magellan's time had fallen away." They continued their lectures, however, and "got the children of the better people to frequent the convent, where they taught them the Doctrine and to read and write." Fray Santa Ines



informs us that the natives already had a primitive alphabet, and were fond of using it. He describes it as lacking in many vowel sounds, which had to be supplied from memory as in the old Hebrew. The mode of writing was from top to bottom of the page in parallel lines running from left to right. He considered its origin clearly Arabic and its transmission to have been through the Mahometan tribes of the south. The natives, he adds, readily substituted the Roman letters for their own characters, after they learned the former from the friars. Before printing presses were introduced, he tells us, many natives wrote out the instructions of the missionaries on sheets of bark in their own language. Reading and writing played a part in the mission instruction from the beginning.

The first baptized natives are carefully enumerated by Medina. A niece of the high chief was the first received, and much ceremony was used on the occasion, as also on her subsequent marriage with a Spanish petty officer. An old native, dying apparently, was the next. He recovered and attached himself to the convent as a servant. The third to receive baptism was a Mahometan from Borneo, who had been some years settled in Cebu. His family he had taught himself, and they were received with him. Tupas the chief, after three years' consideration, asked to be received as a Christian and was baptized; thenceforward, we are told, the other natives "began to swarm from all sides asking to be made Christians." There seems no ground for thinking the Augustinians tried to swell the number of converts by either force or indiscriminate baptisms.

After six years' exploration of the archipelago and getting numerous chiefs to accept his supreme authority, Legaspi decided to establish the capital at Manila. The petty chiefs there were Mahometan and three held rule around the site of the present city with the Hindoo title of Rajah. Legaspi sailed from Cebu with an army of natives, in their own boats and armed in their own way. Medina says they were only "too glad of the chance to cut off heads and clear scores with the people of Luzon." They found no opportunity, however, to satisfy their bloodthirsty instincts. The three rajahs after some parleying acknowledged the supremacy of the Spanish king, and the foundation of Manila

of the boat, the two began. The eldest rajah asked for baptism, and was baptized and returned to bed in death. The others, though admiring Legaspi as their conqueror, declined to become Christians, and some time later even provided themselves with arms and ammunition from the Chinese pirate Le Ma Hong, who visited Manila. At this time Francisco an old explorer of the Philippines, and just home from Mexico, went alone to the island of Luzon, and he imparted him of the wisdom of staying peaceful and good. Both rajahs eventually became Christians.

The chief aim of the first mission works was to convert the natives to Christianity and teach them to "read and write and count." A definite system was adopted for teaching the natives. Each friar was sent to a district, where he had a church and house and got as many natives as possible to group their huts into a village around them. The convent or priory had a number of stations or "visits" which were visited at fixed times and instruction given to the natives scattered through the country. "Escuelas" or schools were attached to each priory and seem to have been held of the highest importance for making the converts practical Christians. The spirit and method of the Augustinians stand out clearly in Melina's record of the sixty years following Legaspi's death. At that time the limits of the Spanish dominion were practically fixed as they permanently remained. The tribes generally recognized the king of Spain, much as the Indians of the plains did the Great Father at Washington sixty years ago. The Spanish cities, like Vigan and Iloilo, were scarcely more than military and trading posts, like the original Council Bluffs. The Augustinian Provincial, as friars came from Spain, sent them out, by twos or singly, to build churches and residences, dignified with the title of priories or convents in the places where the native population was thickest. The priests were generally received with respect both as Spaniards and as teachers, and they used their influence specially in persuading the natives to group their scattered houses into villages and to attend the church services regularly. Instruction in the elementary doctrines of Christianity was given in classes to those who were willing to become Christians,

and when baptized, which was done with much ceremony, they were urged to attend at the Sunday sermons in the church punctually. The children were got to attend school several days in the week, and, besides religion, were taught reading and writing in their own tongue with Spanish letters. Music too was generally taught. Choir singing was a part of the regular community life of a religious order, and thus the friars were all trained, to a degree, in music, which was also congenial to the native tastes. The brighter boys were drilled as assistants at mass and the other church ceremonies, which was not without value as a check on native levity. The rules of conduct which the friars tried to impress chiefly on their converts were only those essential to the simplest Christian civilization. Tribe feuds, blood revenge, and polygamy were put under the public ban and in Medina's day had disappeared among the mission natives. The old religion only survived in some vodoo sorceries and charms which the Spanish priests vigorously denounced when they appeared. The old pagan festivities, celebrated with licentious orgies, were denounced as "*borracherias*" or drunken bouts, and strictly suppressed. The spirit of the orders made their members regard excesses in eating or drinking with a contemptuous disgust. Medina personally was a tobacco hater. When the convent at Cebu was burned in 1627, the fire originated in a tobacco factory, and he adds with sincere emotion: "Bad luck to it and the ills that the infernal plant has brought, for it must come from hell." It does not appear, however, that as teachers the missionaries made any attempts at changing the native ways in matters of food, dress, smoking, or house-building. Of the latter Medina says that the friars followed at first the native fashion in their own buildings, "because in fact they know their own climate best." The difference in this respect between the methods of the Spanish missionaries in the Philippines and the English and American in other Pacific groups is marked.

The main points of civilization insisted on were the coming together into villages and industry in work. In both, the Augustinians seem to have found enough to do. The public work of the villages, the roads, irrigation ditches, and bridges were constantly neglected unless the prior stood by. The converts often

slipped off into the woods to dwell by themselves and many viewed attendance at church as a decided bore. The friars had to use their persuasive powers constantly, and Medina complains that many of the "encomenderos" rather hindered than helped in collecting the natives into villages. He asks whether in Spain the alguazils did not compel tramps to work without infringing the law of liberty, and praises China as a "land kept in order without gallows or stocks through fear of the bamboo." The spirit of the mediæval schoolmaster crops out a good deal in the early Augustinians.

The Franciscan chronicles show a different spirit, though both orders agreed on the importance of getting the natives settled in pueblos and of schools. Fray Plasencia, the maker of the first Tagal dictionary, was honored with the title of "special school promoter" (*singular promozidor de escuelas*). The Franciscans, though they afterwards consented to take charge of fixed stations like the other friars, always showed more faith in the efficacy of popular preaching. They pushed fearlessly among the remote tribes and many went to China, Japan and Cochin China from Manila. In purely religious enthusiasm they were also distinguished. They practiced strict poverty and invariably went barefoot. They also gave much attention to hospitals and leper houses both in the Philippines and in Japan. Infirmarys were attached to many Franciscan convents through the country and the brothers had charge of the hospitals of Cavité, Nueva Caceres and Laguna del Bay, the last a thermal water cure. A lay brother, of the first company, built with alms begged for the purpose the native hospital in Manila of stone. At a later date the Japanese Government, after the execution of the Franciscan missionaries there, sent by ship a hundred and fifty native inmates of their leper hospital to Manila. These were received in the native hospital, which was therefore called St. Lazarus. As might be expected, the Franciscans were more ready to accept professions of conversion than the cautious Augustinians. The Provincial, as early as 1586, sent a statement to Spain that in nine years the priests of his order had christened three hundred thousand heathen. No criticism is made, however, on the work of other friars. It



looks as if the prudence of the one was a salutary check on the enthusiasm of the other, and that both recognized it so.

With all their religious fervor the Franciscans were as attentive to the study of the languages of the islands as the scholarly Augustinians. Two years after their landing Fray de Plasencia was commissioned to prepare a grammar and dictionary of the Tagal and a manual of Christian doctrine in the same. His work was completed in two years and was afterwards adopted for general use in all the Tagal missions. Santa Ines says it continued to be used in his own time a hundred years later, though it had been revised, as the native language had been found to change considerably each generation. The attention to the study of the native languages by all the Spanish missionaries is noteworthy. Santa Ines illustrates the differences between six dialects of Luzon by comparison with the Castilian, Valencian and Portuguese of the Peninsula, and the Tuscan, Lombard and Sicilian dialects in Italy. He adds that as the latter were all drawn from the Romance languages, so were the Luzon dialects from the Malayan. A further remark is that these dialects are of the civilized or "politic" tribes, but are quite distinct from those of the barbarian Negritos and Zambales. One hardly expects to find such accurate philology in the seventeenth century, and that in the remote Philippines.

The Franciscans, moreover, made it a special duty to study the traditions, laws and above all the moral and religious ideas of the different races. Father Plasencia in 1588 was commissioned to make a summary of the native laws and customs, which, Santa Ines says, was still used by the Spanish law officers in his time as a manual in settling native disputes. He also compiled an account of the various superstitions and beliefs current among the Tagals and Visayas at the introduction of Christianity, their marriage rites, festivals and other customs. From this antiquarian treasury which Santa Ines gives, it appears that the old Filipinos had neither temples nor priesthood, though they put much confidence in wizards, of whom thirteen or fourteen grades are enumerated. Many of these the Spanish friar regarded as quacks simply; others he thought had dealings with the devil. These "*babylanes*" were found among the villages

for many years after the reception of Christianity. At critical times they excited local revolts; at others they sold charms and worked spells. In spite of the diabolical character attributed to their acts, no special severity seems to have been used towards them beyond imprisonment or an application of the bamboo by the native police officers.

Outside the religious teaching of the friars we find mention of many advances in culture among the natives in the course of a century. Santa Ines says in his time they furnished most of the clerks in the counting houses and offices of Manila and other towns, and that some held public offices. They supplied capable copyists both for Spanish and Latin and the two printing offices then in Manila were wholly worked by natives. Fifty years before, the rather critical Fray Medina stated there was hardly a village but had a trained choir and that many of these would show to advantage in European cities. There were also many excellent copyists among them, "so that the Spaniards were as children compared to them." They were good tailors and shoemakers, having learned the trades by their own observation, and at needlework the native women were more skilled than the Spanish ladies of Manila. Fray Medina brings out well the difference in civilization in his time among the Filipinos. Those around Manila differed but little in their habits from the working people of Spain or Italy. The Pampangas to the north had adopted more European customs than any other natives and furnished soldiers for war and shipwrights for the dockyards. Delgado in 1750 confirms this and speaks of the Pampangas as scarcely differing from Spaniards. The people of Ilocos were also noticeable in this respect in Medina's time. On the other hand, those of Panay were "as new in Christianity as when first baptized," and the island of Bohol had broken out into insurrection at the instigation of a heathen "*babylan*." There was a noticeable difference in manners and intelligence between the Christians of the pueblos and those scattered through the country. There were still many tribes who avoided the missionaries or made war on the converted villages. In Cagayan in the north "war was common with burning of convents and the occasional murder of religious men." In Pampanga the Zambales, and in



Ilocos the Igorrotes and Negritos, frequently came down to plunder and cut off heads and there was no effective police to hinder them. Still there were pueblos of both Zambales and Igorrotes whose populations had been converted and fused with the other Christian population. Similarly the Jesuits were building Christian pueblos in Mindanao, though Mahometans were slower to convert than any other class. It was a slow process on the whole by which Christianity spread in the Philippines. The wild tribes first settled and listened to the friar's religious teachings. They gradually took up such European ways as appealed to their developed intelligence, and finally regarded these as their own.

Material civilization came of itself, like the trades mentioned by Medina. The building of churches and convents in stone and brick developed masons and bricklayers and brickmakers. At the Calumpit convent Fray Mejia had established a sugar mill early in the seventeenth century, and in Cebu stock-raising had been introduced and flourished. In Ilocos the friars had established a general system of irrigation. The Augustinian church at Manila was the work of a lay brother, the nephew of Herrera the architect of the Escorial.

The Jesuits came to the Philippines in 1580 and the Dominicans as a body in 1587. Both took up the work of building mission villages and converting the natives, but they add another important element of progress by founding colleges for the higher studies in Manila. The training of priests was a principal function of these colleges, even in Medina's time. Natives and other Asiatics, if properly qualified, were admitted to the Catholic priesthood, as well as Europeans and Creole Spaniards. To the professions of the law and medicine natives were also freely admitted in Delgado's time. There is no mention of either faculty in Medina or Santa Ines. Indeed the first handles the medical profession of his day with scant respect. The Chinese hospital in Manila was in his eyes more costly than useful. "In my opinion few Chinese go there, for these people would sooner die in their own houses than get cured in the hospital. Besides there are among the Chinese great physicians, better than those of Spain, I mean those of Manila, who are chiefly good for taking fees and supply-

ing funerals." It is to be hoped that the good father's judgment was unduly severe on the Spanish colonial doctors, but it may be best to pass the question.

One is struck, in these voices from the Manila of three hundred years ago, by the variety of new subjects that exercised the intellects of the Spanish friars. The languages and civilization of China and Japan, the grades of intellectual development between races from the Igorrote hunter to the Chinese merchant or diplomatist, the comparison of the various religions of the East and the superstitions of savages, were branches of thought unknown to the universities of Europe and familiar to the teachers of the Filipinos. It cannot be doubted but the intellectual training helped largely in their success as missionaries and civilizers of the islands.

The status of the missionary friars in the church administration raised some difficulties of canon law at an early time. When native villages were founded, individual friars took charge of them as parishes. It was necessary, however, to appoint a bishop for permanent organization of the islands in the church, and one was named by the Pope in 1580. On his arrival he doubted whether the friars could act as parish priests according to the canon law, which he was bound by his oath to maintain. The case was referred to the Roman courts, and ultimately a settlement was ratified by the sovereign pontiff. The bishop was to rule as elsewhere over the parishes and name their priests, but each order was to have the right of presenting candidates from its own members for the parishes assigned to it. The heads of the order on their part were bound to furnish the priests required by the bishop. To do this each Augustinian or Franciscan Philippine province was empowered to have convents under its jurisdiction in Spain and Mexico to serve as recruiting places for the missionary volunteers. These became practically novitiates in the course of time and special studies in the Philippine languages were included in their course. This has continued to the present time and is, probably, the chief reason for the smaller number of natives in the orders.

While the position of the friars was thus established, the Roman authorities provided that a certain number of parishes



should be reserved for ordinary administration by secular priests. The two classes of priests were represented in the islands in the middle of the eighteenth century substantially as they were four years ago. Father Delgado describes the friars as forming two-thirds or more of the whole priesthood and the secular priests as largely of native race. Transfers of parishes and provinces from the patronage of the Augustinians to the bishop's direct authority are enumerated at great length at the end of Medina's history. Similar cessions or exchanges were made between the orders at various times. The original question between the bishop and the friars is described by both Medina and Santa Ines, and both agree that his action arose from a strict sense of duty as a bishop under the canon law and not from any jealousy of the friars. In fact, he was himself a Dominican up to his appointment as bishop.

There is no appearance in any of the old histories that force, military or political, played a part in the original conversion of heathen tribes. The continued independent existence of such small bodies as the Negritos and Zambales is strong evidence to the contrary. There was little intolerance, even of Mahometans or Chinese, at any time in the Philippines. Some priests used the rod in the villages to enforce church attendance, but we find no mention of heavier punishments even for sorcery or apostacy. Even the work of collecting the converts into villages seems to have been left entirely to the personal exertions of the fathers. Many of the Spanish *encomenderos* were opposed to it for personal reasons. Medina speaks of this in Panay, where he had himself long resided. The contrast, however, between the readiness of the Tagals and Visayas to accept the Catholic teachers and the hostility to Christianity of the same race in Mindanao and Sulu is striking. Medina honestly states that the Spanish governors of Manila were chiefly to blame for the hostility of the Sulu Sultan. His people had been on friendly relations with the Europeans, and the seizure of a Sulu vessel on a charge of piracy first caused them to assume the aggressive. War was thenceforward continual in the southern islands, and the Christian villages were mercilessly ravaged during over two hundred years.

It does not appear that the Spanish governors showed any special military or political qualities in the Philippines. There were no soldiers among them like Cortez or Pizarro, no administrators like Albuquerque or Warren Hastings. They showed sufficient courage in meeting invaders and fair diplomatic skill in dealing with Japan and China, but nothing more. It should be said that the Spanish colonial system was not favorable to ambitious enterprise in its foreign administrators. The general law was regulated by the Code of the Indies and the *audiencia* of Manila was independent of the governor. The separation of the executive and judiciary was the rule in all the Spanish colonies, as it is in our own country, and though it may have hampered the action of the government at times, it must have been on the whole beneficial to the natives. In Manila the *cabildo* or town council regulated municipal affairs and trade, in the provinces the *encomenderos* held local districts by royal grant and collected the regular taxes for their own benefit. The governor's authority over them was like that of the old feudal monarchs over their barons, and depended much on the good will of the *encomendero*. The archbishop, as permanent head of the local church, was independent in his own sphere. In the church relations with the natives, too, the different religious orders had their recognized rights, independent of the will of either archbishop or governor. Finally, the taxation of the natives was fixed by royal decree, which had practically the force of a constitutional law. The checks on despotic action of the executive in Manila were thus many more than in most colonies of Europeans established among other races. They may have hindered the development of another Cortez in Asia or the building of a Spanish colonial empire in the Eastern seas, but they contributed powerfully to the protection and gradual development of the natives under Spanish rule. The division of powers in the United States government prevented in all likelihood the establishment of an American empire over this continent by the ambition of Hamilton or Burr, a hundred years ago. We believe few will now assert that the loss was more than the gain in the subsequent free development of our land.

We close with a few words on the actual effect of the changes introduced by the Catholic missionaries on the natives. The population at the first settlement we have no estimate of, but it cannot have been denser than in Borneo at present. The Franciscans claimed to have baptized a quarter of a million by 1586, but at the same time they estimate the number actually under their control in villages at about a hundred thousand. Medina makes no general enumeration, but a comparison between the numbers in different places in his time and their present population shows much less than a fifteenth. It is safe to put the number of settled converts at not over a quarter of a million at the beginning of the seventeenth century. Delgado gives a full census about 1750, which showed over a million. The *estadística* of Manila in 1894 gave in round numbers 6,800,000. The rate of increase annually was about 2.5 per cent. according to the record of baptisms and interments recorded in the various parishes. The contrast with the Hawaiians or Maoris under European civilization is worthy of study.

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## PERSONAL BUDGETS OF UNMARRIED PERSONS.

ONE subject to which the economic man gives considerable attention is how he shall spend his income. The dictum of science is that the last dollar expended in each case is so disbursed that the maximum of enjoyment is thereby obtained. The income of the poor man is so limited that, after he has satisfied the demands of his appetite and supported those who are dependent upon him, there is little left for what we commonly call pleasure. Dr. Engel laid down the law that the greater the income, the smaller is the relative outlay for subsistence; that the disbursement for rent varies directly with the total expenditure; that the outlay for sundries increases more rapidly than the total expenditure. There is no longer any doubt about the truth of these statements, and since they have been satisfactorily proved it seems that the curiosity of the economist along this line has been satisfied. Now and then some government appoints a committee to see that the law still holds good, and to find out what percentage of the total expenditure goes to food and what to clothing, among the working men of that country. Light, fuel and house-rent are never omitted, but as the income increases there is an ever-growing catch-all in the form of the sundries account. One intention of this paper is to further divide these accounts, and see if it is not possible to get behind the sundries curtain to find what is there concealed. Again, in the government reports it is apparently taken for granted that the whole world is composed of married persons and little children dependent upon them, leaving out of account altogether the continuously increasing numbers of the unmarried who are either supporting themselves or preparing to do so. There is no need of entering the field which is already so well supplied with the results of research, but it seems that there is now a demand for a systematic study of the accounts of the unmarried persons in our society. It is this class alone with which this paper deals.

It is the expenditure with which we are alone interested, and no attention is given to the sources of the income. It makes no

difference whether this is the reward for labor in the form of wages or salary, whether from invested capital, or money advanced by a relative to enable the recipient to complete an education. We shall, therefore, group the accounts without regard to the manner in which the money is obtained, provided only that the amount of the expenditure approaches a certain mean.<sup>1</sup> Money invested is not to be found under the head of expenditure. Only such disbursements as brought some immediate satisfaction are included. It was thought best to exclude all payments for life insurance, since the money is invested to all intents and purposes as much as if it had been placed to an account in a savings bank. Both are cases of deferred enjoyment.

Having decided upon what constituted expenditure, there remained the problem of classification. The former plans were discarded, for it was the intention to do away with the great sundries account, and to substitute specific items. The following list was finally adopted as the best for the purpose:

- |                        |                             |
|------------------------|-----------------------------|
| 1. NECESSITIES         | 3. PLEASURE                 |
| Room-rent              | Theatre                     |
| Board                  | Pool and Billiards          |
| Clothing               | Social Functions            |
| Laundry                | Flowers                     |
| Physician and Medicine | Music                       |
| Traveling              | Society Dues                |
| Furniture              | Chance                      |
| Sundries               | Athletics                   |
| 2. STATIONERY          | Suppers                     |
| Books                  | Charity                     |
| Paper and Ink          | Sundries                    |
| Periodicals            | 4. TOBACCO AND INTOXICANTS. |
| Stamps                 |                             |

It is noticeable that the items fuel, lighting, taxation and insurance, that are commonly in evidence in lists of this nature, are

<sup>1</sup> It may be objected that the accounts of the man whose income is derived from dividends or interest should not be compared to those of the wage-earner, since the former is certain to be more extravagant, but in the first place this is avoided by grouping them according to the amount expended, and again I have found it to be the case, that, as a rule, the man with the inherited income looks upon this as a trust to be carefully managed by him, while the young man with a salary of \$1,000.00 feels that he is obliged to spend the greater part of this, to prove that he has such an income. The amount of saving done by the man with the moderate salary in the cities of the East at the present day is surprisingly small.

expenditure account since they are all included under room-rent. Since these lists deal with an account with the accounts of single people the desirability of the change is apparent. The most radical departure is in the attempt to resolve the pleasure account into its various elements. In the case of the family whose outlay must be brought under \$10.00 a week to make ends meet, it may not be desirable to distinguish the expenditure for social functions from that for food, but with the individual man who spends a considerable portion of his income during these times the distinction is important.

The finest field for the study of such questions to be found in this country is in the American college or university, where thousands of young men and women are gathered together, and whose accounts would furnish ample material.<sup>1</sup> It seems remarkable that this opportunity should have been so long neglected. I have been for several years collecting the accounts of the students in the two upper classes in Yale College, from which the following results are obtained:

PLATE I.			
NECESSITIES	\$509.7	PLEASURE	\$203.7
Room-rent.....	137.2	Theatre.....	23.9
Tuition.....	125.1	Pool and Billiards .....	8.2
Board.....	162.5	Social Functions.....	35.0
Clothing.....	152.5	Flowers.....	10.1
Laundry.....	25.5	Music.....	4.0
Physician and Medicine .....	15.7	Society Dues.....	29.8
Traveling.....	57.0	Chance.....	16.4
Furniture.....	32.4	Athletics.....	23.6
Sundries.....	11.5	Suppers.....	32.3
STATIONERY.....	52.6	Sundries.....	14.6
Books.....	35.0	TOBACCO AND INTOXICANTS .....	50.0
Paper and Ink.....	4.0		
Periodicals.....	6.7		
Stamps.....	3.8		

Plate I: average yearly expenditure of Yale student of two upper classes.<sup>2</sup>

It must not be understood from the above figures that the average student in the two upper classes at Yale spends \$1,116.00 yearly, but this happens to be the average of about five hundred

<sup>1</sup>The number of budgets consulted in gathering the figures used in this article is nearly 3,000, nearly all of which date from 1897 to 1901.

<sup>2</sup>In the accounts of the students the item of tuition has been added and, since all of the accounts did not include charity, this has been omitted from all and been put with sundries under pleasure.

accounts which I have been able to gather. It was obtained by the method of simple average, and consequently too great importance may be given to the expenditures of the more extravagant students. In all of the expenditures the figures desired are not so much absolute numbers as the percentages which follow:

Necessities .....	72.6%
Stationery .....	4.7%
Pleasure.....	18.3%
Tobacco and Intoxicants .....	4.4%

It is, however, of interest to see whether the law of Engel holds true with regard to the expenditures of students, and if those getting a large allowance spend a greater percentage of it on pleasure than do their poorer classmates. This can be clearly shown by dividing the accounts into three classes varying with the amount of expenditure.

	PLATE II.	PLATE III.	PLATE IV.
NECESSITIES .....	\$382.2	\$681.8	\$1,018.7
Tuition.....	80.8	151.4	160.2
Room-rent.....	64.5	131.7	158.4
Board .....	121.5	143.0	185.6
Clothing.....	51.7	139.8	236.8
Laundry.....	15.3	19.1	36.5
Physician and Medicine	7.7	11.3	29.8
Traveling.....	30.7	58.8	112.1
Furniture.....	4.4	19.3	61.5
Sundries .....	5.6	7.4	37.8
STATIONERY .....	32.7	43.6	63.9
Books.....	22.0	33.0	45.2
Paper and Ink.....	2.2	2.7	5.4
Periodicals .....	6.0	5.4	7.8
Stamps.....	2.5	2.5	5.5
PLEASURE .....	51.0	132.7	298.2
Theatre .....	8.3	22.8	37.9
Pool and Billiards .....	0.3	4.1	12.4
Social Functions .....	8.2	21.7	52.6
Flowers .....	2.0	4.3	15.8
Music .....	1.1	1.3	11.9
Society dues.....	1.7	22.4	35.8
Chance.....	8.0	12.7	26.1
Athletics .....	10.2	16.9	27.2
Suppers .....	9.5	18.6	49.2
Sundries .....	1.7	7.9	29.3
TOBACCO AND INTOXICANTS.....	6.1	14.4	84.4
TOTALS.....	\$472.0	\$872.5	\$1,465.2

Plate II: students spending under \$700 yearly.

Plate III: students spending \$700 to \$1000 yearly.

Plate IV: students spending over \$1000 yearly.

When we study these three sets of figures in their relations to one another some points stand out very clearly. The theory of Engel is verified without a doubt. The amounts spent by the three classes for necessities vary roughly in the progression 1, 2, 3; for amusements 1, 1½, 2; for pleasure 1, 3, 6; and for tobacco and intoxicants 1, 2, 11. It is evident that the surplus of the wealthier class does not go to the provision of his library, but is spent on pleasure more or less indulgent.

It is interesting to note the order of magnitude of the different items in these lists:

PLATE II.	PLATE III.	PLATE IV.
1. Board.	Traveling.	Clothing.
2. Traveling.	Board.	Board.
3. Room-rent.	Clothing.	Traveling.
4. Clothing.	Room-rent.	Room-rent.
5. Traveling.	Traveling.	Traveling.
6. Books.	Books.	Tobacco and Intoxicants.
7. Laundry.	Theatre.	Furniture.
8. Athletics.	Society Dues.	Social Functions.

It is noticeable that the same five items are found at the head of each of the lists with simply the order changed in most cases. Clothing advances from fourth place to first, showing that this does not agree with the statement of Engel when applied to the accounts of unmarried people. Traveling, on the contrary, preserves the same position throughout, making it clear that some of this expenditure might better go under the pleasure account, or that the wealthy students come from a greater distance. Books are found to occupy the same place in the first two lists, but in the last this item is wanting altogether, and in its place is tobacco and intoxicants. This needs no comment, and in fact a very good picture of the daily life of these students could be gained from a study of these accounts.

Another point worthy of notice is that, whereas the total expenditure in the cases in question increases 1, 2, 3, that on clothing grows 1, 3, 5, showing that the element of vanity entering here turns this to a condition more nearly resembling the amount

<sup>1</sup> Nine out of every ten of those spending over \$1,000 put less money in books than the average of those spending \$700 to \$1,000, but the presence of a few book collectors among the wealthiest students brings up the average.



spent for pleasure. This distinction can be brought out more clearly when we consider the percentages:

	PLATE II.	PLATE III.	PLATE IV.
Necessities.....	81.0%	78.2%	69.5%
Stationery.....	6.9%	5.0%	4.4%
Pleasure.....	10.8%	15.2%	20.3%
Tobacco and Intoxicants.....	1.3%	1.6%	5.8%

It might be of interest to see whether this same law holds true when we consider extreme cases. To study this question there were selected the accounts of the ten students spending the most, and the ten with the smallest expenditures. All of those of the first class were over \$3,000 and of the latter under \$300.

	PLATE V.	PLATE VI.
Necessities .....	52.1%	90.5%
Stationery .....	2.2%	5.1%
Pleasure.....	36.8%	3.8%
Tobacco and Intoxicants .....	8.9%	0.6%

Here we find that the extremely wealthy student stands in a class by himself, while the account of his poor brother resembles very closely that of the American workman supporting a family. In the latter case the amount expended on stationery is greater than that on pleasure and tobacco and intoxicants together, whereas in the former it is only one-twentieth as great.

A question that might naturally suggest itself at this point is what effect this expenditure has upon the intellectual grading of the students, and to bring this out clearly the following table has been prepared:

	PLATE VII.		PLATE VIII.	
Necessities .....	\$639.2	73.2%	\$859.3	65.9%
Stationery .....	60.4	6.8%	46.5	3.6%
Pleasure .....	159.8	18.2%	291.2	22.4%
Tobacco and Intoxicants ...	15.7	1.8%	105.3	8.1%
	875.1	100.0%	1302.3	100.0%

Plate VII: students who were on the appointment list.<sup>1</sup>

Plate VIII: students who were not on the appointment list.

<sup>1</sup> The standing in scholarship in Yale is on the scale of 4, and all getting a standing of over 2.50 are in the appointment list. As a rule somewhat over 30 per cent. of the students are on this list.

Here we have two sets of students, the one spending about a half more than the other, but the amount spent on stationery is only about three-fourths as great, that on pleasure is nearly twice as large, while on tobacco and intoxicants the ratio is about seven to one. The two inverted figures of 8.1 per cent. and 1.8 per cent. are extremely significant. It may be that the mental endowments of those taking appointments are greater than of those who do not, but to me it appears far more likely that the mode of living pictured in these two averages largely accounts for the disparity in scholarship. Although there are in every university men who with very little study rank fairly high, still it seems true from these figures that the man who spends his time in the pursuit of pleasure and in drinking is not making the most of his college opportunities and is not graduating with distinction. From the complete lists of these two classes, which were not introduced from lack of space, it is found that the student on the appointment list spends more on athletics than his less fortunate brother. Athletics, then, do not appear so injurious to scholarship as the other forms of pleasure.

When we come to compare the expenditures of students with those of other single men in the community, it was thought better to remove that for tuition, since that item, of course, would be found in none of the other classes. When this item has been withdrawn the percentages are somewhat changed.

PLATE IX.

Necessities .....	68.2%
Stationery .....	5.4%
Pleasure .....	21.2%
Tobacco and Intoxicants .....	5.2%

It would be of interest if we were able to compare the expenditure of the students of the present day with those of former centuries. To find accounts for such a comparison is extremely difficult, but I have succeeded in getting the lists of some students in Trinity College, Cambridge in 1573.<sup>1</sup> It is evident that the parents of these men gave the money that was to pay their bills into the hands of a tutor there, and when the students wished

<sup>1</sup> "Notes on the History of Trinity College, Cambridge," by Mr. W. W. R. Ball. London, Macmillan, 1899.

money they came to him, receiving the cash for some specific article. These items were then entered into an account book to be shown to the parents, that there might be no doubt that the money was all properly expended. Grouping these items according to the scheme adopted, we get these results:

## PLATE X.

Necessities .....	73.1%
Stationery .....	19.6%
Pleasure .....	7.3%

What first strikes the eye is that all expenditure for tobacco and intoxicants is wanting. It must not be concluded from this that the students of those days did not drink, but the money that went for this is included under that for commons, and cannot therefore be separated. From all historical evidence it is probable that it was at least as great as at the present day. In the expenditure for stationery and pleasure there is a marked difference, and the two accounts are practically inverted. The large expenditure for stationery is due to the high price of the text-books used in the university at that time. That the amount spent on pleasure was so small is to be attributed to the limited opportunities along this line. One of the men kept a dog, while most of the remainder went for bows and arrows. There is no proof that these young men gambled, but if they did it is probable that they would not have applied to the tutor for funds with which to pay these debts. With these exceptions there is a marked similarity between the students of the two periods.

Since the amount expended by the instructor varies but little from that by the student, it might be of interest to compare the accounts.

## PLATE XI.

Necessities .....	74.8%
Stationery .....	9.2%
Pleasure .....	13.9%
Tobacco and Intoxicants .....	2.1%

Plate XI: yearly expenditure of the unmarried Yale Instructor.

The accounts of the instructor cover a period of twelve months, while those of the student are confined to nine, since it is impos-

sible to persuade him to continue his cash-account during his vacation in the summer, but this fact will introduce no great error, and it was thought best for further comparison to include the whole year's expenditure of the instructor, since his manner of life does not change as completely as that of the student with the advent of vacation. He lives in a cheaper room than the student, but spends more on furniture. His books are quite a drain on his resources. Theatre, social functions, athletics and society dues absorb most of the money he has for pleasure. Less than half as much goes for tobacco and intoxicants.

After finding that the expenditures of the students averaged about a thousand dollars yearly, I looked about for the accounts of unmarried men in business for themselves or working for others who spent in the neighborhood of this amount. This was no easy matter, but I have collected somewhat over fifty such. They are largely of bookkeepers, officers in banks and young professional men. About 25 per cent. of them are college graduates.

PLATE XII.

Necessities .....	55.8%
Stationery .....	2.1%
Pleasure .....	31.2%
Tobacco and Intoxicants .....	10.9%

Plate XII: single business man spending about \$1000.

Their expenditure for board, room and stationery are the lowest of any met with so far. They spend much more for social functions, tobacco and intoxicants. But the greatest difference of all is in the item of theatre. The expense under this head is over \$60.00 and in the case of most of those living in New York City is even larger. Pool and billiards are also a heavier expense with this class. Taking the accounts as a whole, there is a marked similarity between these and those of the ten wealthiest students (Plate V). It may be interesting to note that those who are working on a stated salary spend less on necessities than those whose reward is due to their own exertion. The difference between the accounts of the single business man and those of the student is doubtless due largely to the variation in the manner of life. The student takes his pleasure in the afternoon in athletics of various kinds, while the business man

must take his recreation in the evening. At this time the theatres, pool-rooms, and social functions invite him. His expenditure for pleasure is swelled by this fact.

No study of the expenditures of the American student would be complete, unless some attention were given to the accounts of the thousands of young women in the colleges and universities of this country. I am, fortunately, able to supply this lack in part.<sup>1</sup>

	PLATE XIII.	PLATE XIV.	PLATE XV.
NECESSITIES .....	\$765.5	\$788.2	\$471.0
Tuition .....	100.0	400.0	87.0
Board .....	165.2		141.6
Room-rent .....	124.8		83.2
Laundry .....	24.8	4.2	12.2
Clothing .....	230.6	265.0	108.2
Physician and Medicine ..	12.4	6.4	2.1
Traveling .....	70.2	94.0	25.8
Furniture .....	21.4	7.6	5.1
Sundries .....	16.1	11.0	5.8
STATIONERY .....	27.8	31.6	38.1
Books .....	18.1	17.0	29.2
Paper and Ink .....	4.2	6.8	3.6
Periodicals .....	1.5	1.4	2.1
Stamps .....	4.0	6.4	3.2
PLEASURE .....	98.0	66.1	19.2
Theatre .....	16.1	9.6	6.1
Social Functions .....	22.3	9.6	2.9
Flowers .....	5.2	3.4	1.2
Music .....	9.8	12.5	3.1
Society Dues .....	8.1	6.8	0.4
Athletics .....	4.6	0.8	0.8
Suppers .....	12.1	12.8	2.1
Charity .....	3.6	2.2	0.2
Sundries .....	16.2	8.4	2.4
TOTALS .....	\$891.3	\$885.9	\$528.3

Plate XIII : student at Smith College.

Plate XIV : student at Vassar College.

Plate XV : woman graduate-student at Yale University.

<sup>1</sup> It will be seen at a glance that a few minor changes have been introduced into the schedule to enable it the better to meet the changed conditions. Pool and billiards, chance, and tobacco and intoxicants have been dropped, and charity introduced. For the averages of the expenditures in Smith and Vassar College I am indebted to instructors in those institutions. The accounts from which they are taken were collected with discretion from representative students and I see no reason why they should not be accurate. The expenditure of the Vassar student for laundry is of the nature of an extra, as most of the expense under this head is included under the \$400.



Before entering upon the discussion of these accounts it may be well to give at once the percentages :

	PLATE XIII.	PLATE XIV.	PLATE XV.
Necessities.....	85.9%	88.9%	89.2%
Stationery.....	3.1%	3.6%	7.2%
Pleasure.....	11.0%	7.5%	3.6%

The same law holds true with reference to these accounts which we found to be the case in studying these of the Yale student. The largest absolute expenditure has the smallest percentage under necessities. Taking the Smith and Vassar students, we find the amount spent almost the same as that of a certain class of Yale men (Plate III), but when we examine the accounts more closely we find great differences. Over one-fourth of the allowance of the first two goes for clothing, while the man is contented with less than one-seventh. It is this item that brings her necessities account so high, while she spends far less for pleasure. Society dues, chance, athletics, suppers, tobacco and intoxicants cost the Yale man \$85.00, while the Smith girl gets along with \$24.8 and the Vassar girl with \$20.4. Her saving in these four items very nearly makes up for her added expenditure on clothing. The man spends about twice as much on books and nearly four times as much on periodicals. This is explained by the fact that a large percentage of the men take daily newspapers, while the girls are probably not so much interested in the politics of the day. Turning now to the account of the woman graduate student at Yale, we find that her percentage for necessities is almost exactly the same as that of the Vassar student, whose total expenditure is about \$350.00 greater, but that the amounts going to stationery and pleasure have the order inverted. In most cases the graduate student is preparing to be a teacher, and her books are equivalent to the tools of the workman, while the preparation of her work leaves her but little time for going into society or other relaxation. Her expenditure varies less than \$50.00 from that of the Yale student (Plate II), who is here selected for purposes of comparison. Here again the amount spent by the young woman on clothing is far greater, in this case over twice as much, while more than \$30.00 is gained from economy in the pursuit of pleasure. He spends over twelve times as much on athletics, and

his leisure time in the afternoon is largely employed in exercise or watching athletic contests. There is but little difference in the amount of money put into books, but in periodicals again the man spends three times as much. If, then, we divide the American students according to sex, we find that in these Eastern colleges the men spend more on stationery and pleasure while the percentage under necessities is larger among the women. This is brought about by the far greater expenditure among the women for clothing, part of which, since it is occasioned by vanity, it may be objected might have been with greater propriety put under pleasure. This, however, it has been thought best not to do, for the difference in the standard of living makes it necessary for the rich man to spend \$500.00 on clothing, where the laborer gets along with \$50.00. The class of people with which a man associates turns what would be extravagance for one into necessities for another. Therefore, all expenditures for clothing is put under necessities, and it is left for the common sense of each to dictate that no more is spent on this than the station in life of the individual demands.

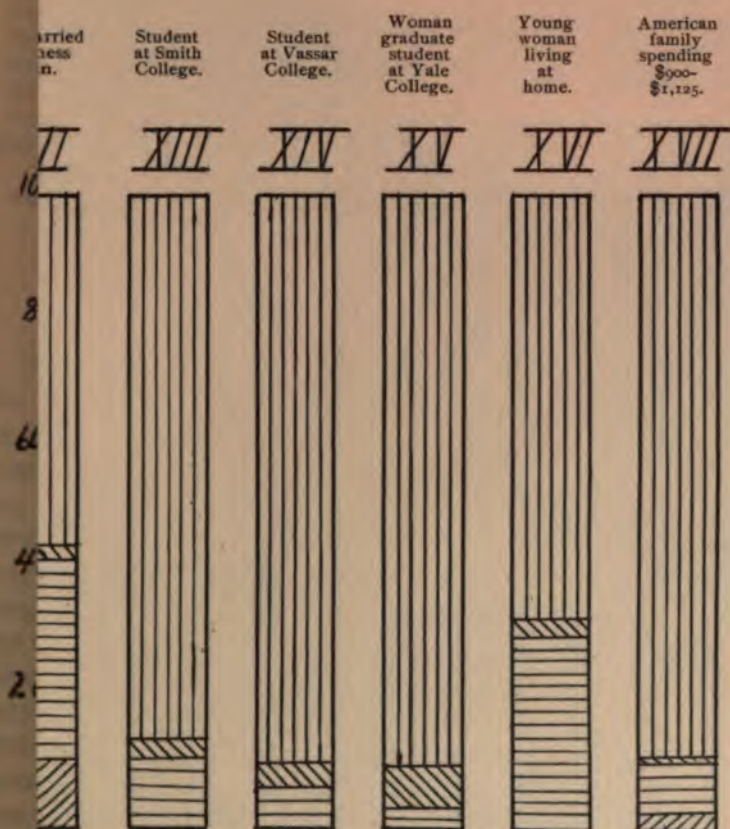
I wish to introduce at this point another set of figures. This belongs to young women who live at home but have a weekly or monthly allowance made them by their fathers or guardians. Their board, room-rent and laundry is generally provided for them and from this allowance they are to clothe themselves, spending the remainder as best suits them.

PLATE XVI.

NECESSITIES .....		PLEASURE .....	
\$346.5		\$155.5	
Room-rent.....	3.2	Theatre.....	6.0
Board.....	15.6	Social Functions.....	40.6
Clothing.....	264.1	Flowers.....	3.3
Laundry.....	1.7	Music.....	14.8
Doctors and Medicine	4.0	Society Dues.....	3.7
Traveling.....	44.0	Athletics.....	16.3
Furniture.....	2.8	Suppers.....	13.5
Sundries.....	11.1	Charity.....	32.4
STATIONERY.....	15.2	Sundries.....	24.9
Books.....	3.8		
Paper and Ink.....	2.9	TOTALS.....	517.2
Periodicals.....	3.9		
Stamps.....	4.6		
Necessities.....		66.9%	
Stationery.....		2.9%	
Pleasure.....		30.2%	

These figures stand in a class by themselves and make comparison difficult, for this is the only case where the expense for board, room-rent and laundry did not enter into the accounts. Still they are extremely interesting. Clothing here absorbs over half of the total, being nearly twice as great as the percentage spent on the same item by the Vassar student. To her credit be it said that the amount given in charity is far greater than that found in any other account. The amount included under sundries in pleasure is largely made up of gifts to friends. Under the head of suppers, candy, soda and ice cream play a large part. The expense for athletics has increased rapidly in the past two years, and is largely due to the growing popularity of golf. Some of those furnishing accounts were taking music lessons, and in three cases the purchase of a stringed instrument increased this item. Taking it as a whole, it is a satisfactory account, and although attention may be called to the small size of the expenditure for books, it must be remembered that, different from the case of the student away from home, the library of her father is at hand.

Although it is beyond the province of this paper to introduce the accounts of married men and those with families, it has been thought best to give one example for purposes of comparison, in which the items correspond as nearly as possible with that list given at the beginning of the paper and rather closely followed throughout. There is an immense storehouse of material in the Seventh Annual Report of the United States Department of Labor, 1891, which it has been possible to work over from the individual accounts there given. To these have been added about one hundred that I have personally collected. I have tried to eliminate as far as possible the exceedingly large miscellaneous account, and after all possible reductions have been made, have put one-fifth of this with the sundries under pleasure, and four-fifths with the same head under necessities. In this study I have selected those whose yearly expenditure was between \$900 and \$1,125, that they might furnish a good standard for comparison with those of the student and of the unmarried business man.



Intoxicants.





## PLATE XVII.

NECESSITIES .....	\$918.7	PLEASURE.....	\$82.3
Room-rent.....	216.1	Amusements and Va-	
Clothing.....	182.1	cations .....	20.8
Board .....	354.2	Organizations.....	10.1
Furniture.....	40.2	Religion and Charity ..	31.2
Sickness and Death ..	45.1	Sundries.....	20.2
Sundries .....	81.0	TOBACCO AND INTOXICANTS.....	26.4
STATIONERY .....	7.4	TOTAL.....	1034.8

Plate XVII: budget of American family spending between \$900 and \$1,125.

Necessities .....	88.8%
Stationery .....	0.7%
Pleasure .....	8.0%
Tobacco and Intoxicants .....	2.5%

When we come to compare these percentages with those of the student (Plate IX), we find a grave difference, which can be largely removed by dividing the percentages for stationery, pleasure, tobacco and intoxicants by three and adding the remaining two-thirds to necessities. This item then becomes 89.4 per cent., revealing a difference of only six-tenths of 1 per cent. It might be more just to apply this division to the account of the single business man (Plate XII), since his expenditure covers the entire year. When this is done the percentage for necessities becomes 85.3 per cent., or 3.5 per cent. less than that of the married man. From a few accounts which I possess of single men who have continued to keep track of their expenditures after marriage, I find, that unless there was a considerable addition to the income after marriage, the percentage spent on pleasure is always a half and generally two-thirds less than it was while they were single. The share going to tobacco and intoxicants undergoes a less variation, and the amount spent on stationery changes but little. The items included under pleasure are then the ones most variable, and when a man feels that he must economize, it is here that he commences to retrench.

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## NOTES.

### Statistics of Vocations of Dartmouth College Graduates.

The appearance of the decennial Catalogue of Dartmouth College, with brief notices of its graduates for the past one hundred and thirty years, gives opportunity to present statistics of the vocations of the alumni from which interesting conclusions may be drawn. These statistics have been presented, so far as possible, in the same form in which the Yale statistics appeared,<sup>1</sup> in order that comparison may be facilitated.

The interpretation of the facts as presented in the Catalogue has often necessitated the exercise of judgment on the part of the compiler, and errors have doubtless many times been committed. Often an individual has shifted from one occupation to another and it has been necessary to select that pursuit which seemed most permanent. Again, many alumni are reported as pursuing two vocations at the same time. In such cases, that which seemed the major occupation has been selected.

The graduates of the College for the one hundred and twenty-five years from 1771 to 1896, 5,697 in number, are divided among the vocations as follows: Law, 30.7 per cent.; Ministry, 19 per cent.; Teaching, 16 per cent.; Business, 11.6 per cent.; Medicine, 10.7 per cent.; Engineering, 3.2 per cent.; Farming, 2.3 per cent.; Journalism, 1.5 per cent.; Government Service, .4 per cent.; miscellaneous and unknown, 4.6 per cent.

DARTMOUTH COLLEGE GRADUATES, VOCATIONS BY CLASSES.

DECADE.	Law.	Ministry.	Medicine.	Teaching.	Learned Professions.	Business.	Engineering.	Journalism.	Farming.	Government Service.	Miscellaneous and Unknown.
1771-80 ...	5.1%	47.5%	5. %	9.1%	66.7%	6.1%	...	...	12.1%	...	15.1%
1781-90 ...	20.9	45.8	5.9	10.8	83.4	4.3	...	...	3.2	1.1%	8.
1791-1800 .	40.3	25.6	8.6	8.6	83.1	7.	...	6%	2.1	.3	6.9
1801-10 ...	48.	20.5	11.	9.8	89.3	3.	...	.6	1.2	1.2	4.7
1811-20 ...	39.6	30.1	10.4	10.7	90.8	4.8	.3%	.6	.6	...	2.9
1821-30 ...	33.8	34.7	9.4	14.9	92.8	2.	...	.3	.6	.3	4.
1831-40 ...	31.6	31.4	9.5	17.3	89.8	4.1	.3	.7	2.9	...	2.2
1841-50 ...	33.3	18.9	16.7	15.4	84.3	6.7	1.5	.7	2.4	.3	4.1
1851-60 ...	35.6	15.4	9.3	15.8	76.1	13.	2.	1.	3.5	.6	3.8
1861-70 ...	27.8	12.6	11.	15.8	67.2	17.7	4.9	2.3	1.9	.7	5.3
1871-80 ...	29.3	10.6	11.	16.1	67.	17.6	4.6	2.1	3.6	...	5.1
1881-90 ...	21.6	9.	10.4	21.7	62.7	20.4	8.4	4.	1.	...	3.5
1891-96 ...	18.	5.7	11.8	27.4	62.9	19.8	9.5	2.3	.5	.5	4.5

<sup>1</sup> YALE REVIEW, vii, 341; viii, 318.

The above table gives in percentages the vocations of Dartmouth College graduates decennially from 1771 to 1890 and for an additional five years from 1891 to 1896, under the heads of Law, Ministry, Medicine, Teaching, Business, Engineering, Journalism, Farming, Government Service (including the regular army and navy as well as civil service), and Miscellaneous and Unknown. The facts since 1896 are of little value, as so many of the recent alumni are engaged in merely temporary occupations with a view to the pursuit of a profession as soon as circumstances permit. The statistics of teaching would be increased materially were these figures included.<sup>1</sup>

It is to be regretted that in the earlier decades the proportion of those whose vocations are unknown is so large. From the beginning of the century, however, the proportion is small and reasonably constant and may be eliminated from our consideration without affecting the conclusions.

The table confirms results already familiar to students of the question. The proportion entering the Ministry during the first decade, at a time when the Ministry was the only profession, was the largest in the history of the College, 47.5 per cent., and grew steadily less, making a slight recovery from 1811 to 1840, and then dropping suddenly to a little more than half its former figure, a fall from which it never recovered, but steadily declined to 5.7 per cent. at the close. Law had small beginnings, but advanced rapidly until in the first decade of this century it comprised nearly half the graduates. Since then it has fallen to a little more than a sixth, the establishment of law schools in connection with the Universities probably leading some of the men intending to enter law to take their undergraduate work in the same institution. In Medicine, the proportion has been fairly constant since the beginning of the century at about 10 per cent., the only important fluctuation being from 1841 to 1850, when it increased to 16.7 per cent. Teaching has always occupied an important place. Nearly 10 per cent. in the first decade followed this pursuit. This represents roughly the proportion until 1820. It may be interesting to recall here the fact that teaching, especially in the way of preparation for college, was at this time to a large extent in the hands of the ministry. For the next sixty years an average of about 15 per cent. is maintained. The succeeding years

<sup>1</sup> From 1861 to 1893 the students of the Chandler Scientific Department are entered separately in the Catalogue, but they have been included in the table as they are a constituent part of the College and have never formed an independent school.

have shown rapid advance. Possibly the percentage for the period 1891-6, 27.4 per cent., should be slightly reduced, as a small number may be included who are still pursuing teaching as a makeshift.

The four learned professions, including Ministry, Law, Medicine, and Teaching, are summarized in the next column. They exhibit a steadily increasing percentage up to 1830, in the last of these decades showing the remarkable proportion of nearly 93 per cent. Since then the figure has fallen steadily, but nearly two-thirds of the graduates are still to be counted in this general class. With a decline in interest in the learned professions has gone an increase in the attractiveness of mercantile pursuits. We find but little interest in business at Dartmouth until after the middle of the century, the proportion of business men reaching 7 per cent. only once before that time. Since then the proportion has risen to a fifth and will doubtless increase. I am convinced that the slight falling off in the period 1891-6 will not appear when the results of the entire decade can be shown.

Omitting from consideration the first decade in which Farming played an unusual part, the proportion of graduates devoting themselves to agriculture is small, fluctuating between a maximum of 3½ per cent. and a minimum in the last period of a half of 1 per cent. It is probable that the last figure will not be much increased if at all. Those who desire college training for agriculture are turning to the agricultural colleges. The engineering profession is receiving an increased proportion due in large part to the establishment of the Chandler Scientific Department in 1861 and later to the close relationship between the College and the Thayer School of Civil Engineering founded in 1873.

In summing up results, a comparison with Yale statistics may be instituted. In the Ministry, results strikingly similar are found and the same general decrease is observed. Yale has held her own in law, whereas Dartmouth, which exhibited an equal proportion of lawyers until 1860, has fallen off. Medicine has been fluctuating in both institutions, but Dartmouth shows greater steadiness and a larger percentage. In teaching, Dartmouth shows a larger percentage at the beginning and this percentage has been increasing, whereas Yale has scarcely held her own. The variations disappear, however, in the summary of the learned professions, where again the two colleges show great similarities. The inclination toward mercantile pursuits has shown itself earlier and in greater strength at Yale, but the tendency at Dartmouth is a growing one and will



before long absorb a quarter of the graduates of the New Hampshire college. In a word, we find at Dartmouth a falling off in Ministry and Law, an increase in Business, Teaching and Engineering, steadiness in Medicine and Journalism (the latter of little importance), and no tendency toward Farming or Government Service.

## OCCUPATIONS OF FATHERS AND SONS.

OCCUPATIONS.	1882-1896		1882-1886		1887-1891		1891-1896	
	Fathers.	Sons.	Fathers.	Sons.	Fathers.	Sons.	Fathers.	Sons.
Law .....	9.8%	21.7%	11.4%	27.2%	9.2%	16.2%	8.7%	21.2%
Ministry .....	7.9	9.8	7.6	12.1	8.3	10.2	7.6	6.9
Medicine .....	4.8	11.2	3.8	11.7	5.6	9.	5.1	12.8
Teaching .....	3.4	26.9	1.7	23.1	5.2	25.6	3.3	32.2
Learned Professions .....	25.9	69.6	24.5	74.1	28.3	61.	24.7	73.1
Business .....	25.5	20.	22.4	15.3	27.9	26.8	26.7	18.6
Engineering .....	.1	2.7	.3	2.7	....	1.9	....	3.2
Journalism .....	.5	3.7	.7	4.1	....	4.6	.7	2.2
Farming .....	27.7	.9	30.	1.4	20.8	1.1	32.2	.4
Mechanics and Laborers....	11.6	....	14.8	....	11.3	....	8.4	....
Government Service.....	1.3	.2	1.4	....	1.5	....	1.1	.7
Miscellaneous and Unknown	7.4	2.9	5.9	2.4	10.2	4.6	6.2	1.8

The second table gives the occupations of the graduates of the College, numbering 829,<sup>1</sup> in percentages for the period 1882-96, side by side with the occupations of the fathers. The succeeding columns give the results for five-year periods. The four learned professions exhibit the same general results, the tendency of college life being to draw men into the professions. In each case, the proportion of sons entering the professions is larger than the proportion of professional men among the fathers. This divergence is wide in Law and Medicine and especially in Teaching, where the sons are 26.9 per cent. of the whole while the fathers are but 3.4 per cent. Two of the three five-year periods, the first and last, show a still wider divergence. In the Ministry there is a difference of but 1 per cent. between fathers and sons. The same tendency here shown is observable in the Yale statistics, except in the case of the Ministry, where the percentage of fathers exceeds that of sons. But this difference at Dartmouth is true only for the fifteen years as a whole. In the last five years, the percentage of sons has

<sup>1</sup> The students of the Chandler Scientific Department are omitted because the occupation of the fathers could not be obtained.



fallen below that of fathers. Among the graduates of the last fifteen years, then, up to 1896, over two-thirds, or exactly 69.6 per cent., have entered the learned professions, whereas but a quarter or 25.9 per cent. of the fathers have been professional men.

The statistics of business show a quarter of the fathers so engaged (one-half at Yale), and a fifth of the sons have entered upon business life. Among the fathers are included, however, many small merchants who serve farming communities, whereas a majority of the sons are pursuing business careers of a broader and more responsible character.

The most interesting and perhaps the most gratifying results are to be observed in the classes of Farmers, and Mechanics and Laborers. 27.7 per cent. of the men who sent their sons to Dartmouth during these years were farmers and 11.6 per cent. mechanics and laborers. Among the sons we find but .9 per cent. engaged in agriculture and mechanics and laborers are unrepresented. In agriculture the divergence is greatest in the last of the five-year periods. As an explanation of the fact that so few teachers send their sons to college it has been suggested that the fathers are unable to do so because of the unremunerativeness of their occupations. This is hardly borne out by the statistics here given, which show over one-tenth of the fathers to be mechanics and laborers and over one-fourth farmers. The explanation of the large proportion of teachers among the sons would appear to be found in the increasing attractiveness of teaching life and the growing demand for trained teachers.

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**The Census of Porto Rico.** We have received from the Government Printing Office the "Report on the Census of Porto Rico, 1899." This census was taken, and the report prepared—as in the case of Cuba, mentioned in our last issue—under the direction of Inspector-General Sanger, of the War Department. The field-work was performed under the superintendence of Mr. Harrison Dingman, by 978 enumerators and supervisors, among whom were 62 women. Thus, as in the case of Cuba, women were for the first time given public employment in Porto Rico by the United States. But if one may judge by the portraits of some ninety enumerators which appear in the volume, negroes and persons of mixed blood were not thus

employed, although they constitute one-third of the population of the island. Some of the more important facts brought out in the Report are the following: the population is 953,243, of which 61.8 per cent. is white and 38.2 per cent. colored. The urban population (cities of 8,000 inhabitants or over) amounts to only 8.7 per cent. of the total, as compared with 32.3 per cent. in Cuba and 29.2 per cent. in the United States (1890). The median age is 18.1 years, as against 20.7 years in Cuba and 21.9 years in the United States (1890). Children under ten constitute 30.9 per cent. of the population, as against 22.7 per cent. in Cuba and 24.3 per cent. in the United States, indicating a very high birth-rate. A correspondingly high death-rate is indicated by the moderate growth of the population. The males of voting age number 201,071, of whom 70.6 are unable to read, in the case of the whites, and 82.8 per cent. in the case of the blacks. The number of persons living together as man and wife is 25.4 per cent. of the whole population, a smaller proportion than in any European country, and much smaller than in the United States, where in 1890 it was 35.7 per cent. "Consensual unions" number half as many as legal marriages, and in nine municipal districts exceed the latter. One in four of the population under twenty years of age are classified as "illegitimate." Five persons in six—or three in four, excluding children—are wholly illiterate, a higher proportion than in any other West Indian island; and only 8 per cent. of the children between the ages of 5 and 17 attend school. One-third of the population are engaged in gainful occupations, as against two-fifths in Cuba. Of the total area of cultivated land, 41 per cent. is devoted to coffee, 15 per cent. to sugar-cane, and 14 per cent. to bananas. The volume is illustrated with a considerable number of maps, charts, diagrams and photographic reproductions, and is a creditable and very useful piece of work. The occasional rather rudimentary explanations of the principles and methods of statistical science which are included, will perhaps be serviceable in Porto Rico.

**Growth of the Rural and Urban Population of the U. S., 1890-1900.** The population of the United States, exclusive of the Indian Territory, Alaska and the newly acquired possessions, has increased during the last ten years a little more than thirteen millions, or 17.4 per cent. Of this total increase almost a half has accrued to cities and towns which in 1900 had a population of 8,000 or over.

The percentage increase for such towns during the last decade was 32.7 per cent., while the percentage of growth for the rural districts has been 16.3. Of the total population in 1900, towns of 8,000 and over embraced 32.1 per cent., leaving 67.9 per cent. classed as rural. That is to say, our country population is to that in the towns nearly as two to one.

The principal interest in this study centers in the differences in growth in the various divisions of the country. This is shown in the following table:

Division.	Increase.		Percentage in the cities.	
	Rural. %	Urban. %	1900.	1890.
North Atlantic.....	9.1	31.9	56.5	51.8
South Atlantic.....	17.4	37.1	17.2	16.0
North Central .....	12.2	33.3	27.7	25.9
South Central.....	24.4	27.3	11.2	10.4
Western.....	35.0	36.4	31.0	29.9

Without exception, there is a greater percentage living in the towns in 1900 than in 1890. All of the States show a good percentage of city growth with the exception of Nebraska, which has lost 20 per cent. since 1890. In Oklahoma and Montana the increase has been over 100 per cent. There is only one State, Nevada, which shows an actual loss of numbers in the rural population, but the increase in Delaware, Kansas, Maine, New York, and Vermont, has been exceedingly small. Taking the figures as a whole, the growth during the past decade has been healthy.

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## BOOK REVIEWS.

*Social Justice.* By Westel Woodbury Willoughby, Ph.D., Associate Professor of Political Science in Johns Hopkins University. New York, The Macmillan Co., 1900—pp. 384.

This work is an attempt to apply transcendental principles to all the fundamental problems of life in society. The author admits that this life is now but ill-regulated. He looks to the State for some relief, but his main hope is a judicious altruism on the part of the strong and wise, as individuals, in dealing with their fellow-men.

He finds no merit in the claim of the socialist to equality of social opportunity for all. So far as such a right can be said to exist, it is relative, and no one is entitled to an opportunity which he is so constituted or so placed as to be unwilling or unable to grasp (p. 21). The true end of human effort is "the realization of one's ethical self,"—the working out of what there is in him of the divine. A man has no ethical right to do what another can do better. He who is fittest to bear rule ought to bear rule, and it is the duty of the rest to concede him his right.

There is no equal right to education, or employment. "The individual can claim from others, as a right, only those privileges which, when enjoyed, will promote his own best good" (p. 48). He is not to be judge of his best good. Nothing is good for him which cannot be "interpreted in terms of the general good of humanity." He can only ask for what "is best calculated to actualize the powers potentially possessed."

The comfortable mediocrity of economic communism is a lowering of life. Competition, resulting in preëminence, is the salt that gives it all its savor. Private property is the fruit of preëminence. In determining what shall be kept or reclaimed by the public and what the individual should be allowed to accumulate, the two fundamental considerations are productive efficiency and distributive justice. These can seldom conflict, and in a perfect society never would (p. 98), for as the individual should seek his own good in the good of all, he is to waive any claim to personal possession which would not serve to bring out his best self.

In traversing a field already so thoroughly explored, the author had to choose between giving the ideas of his predecessors in their own words or in his. He has wisely chosen to let them speak for

themselves, and many of the most striking thoughts of the great social philosophers of all ages are thus put before the reader in their native dress. It is by no means so easy to confute an antagonist if you allow him to state his own case; but Professor Willoughby, if frank in his criticisms, is always frank also in his treatment of those from whom he differs.

He attributes to Godwin, rather than to any of the Continental writers, the foundations of philosophic socialism, as we now understand it (p. 116). Its foundation, so far as it rests on the proposition that the laborer is entitled to all the product, was first, he thinks, demolished by Böhm-Bawerk (pp. 124, 133) in his *Capital and Interest*. He there showed that manufactured products are the results of two forces—work and waiting. The laborer works. The capitalist waits. The accretions to capital which we call interest are a price asked for time (p. 139). They are measured by a definite standard. This is “the difference in popular estimation and valuation between a present and a future good” (p. 138). The laborer abstains from ease. The capitalist abstains from the immediate use of his money to procure him present gratifications. Each must be repaid for what he surrenders.

Society also has, under existing conditions, a right to be paid for its share in the product. The laborer would not have worked, nor the capitalist waited, except for the existence of a law which secured them compensation. Hence both must contribute to the cost of maintaining these laws (p. 140). Hence taxation.

Assent is given to the formula, “From each according to his ability: to each according to his needs,” provided it be transcendently interpreted (pp. 198, 201). That each shall work according to his ability must be left to his free will, ethically guided. The capitalist should thus spend and be spent in public service. On the other hand, what a man needs is only what will enable him best to fulfil his moral obligations. If he will use what may be bestowed on him for evil ends, he should go hungry. “A man’s rights are measured by his capacity and disposition for good and imply the obligation on his part to seek that good.” “A right to subsistence or to labor can only be maintained when it appears that the welfare of humanity will be advanced by the continued existence of the individual concerned” (p. 207).

Professor Willoughby rejects the Aristotelian division between Distributive Justice and Corrective Justice (p. 316). Each is but giving one his due.



This conclusion would seem naturally to lead to assigning criminal punishments to the domain of Retributive Justice. But here he parts company with Kant. Punishment, he argues, cannot be justly retributive, because judges and juries are not omniscient (pp. 334, 341). They cannot read the mind. They cannot allow for temptation. They cannot know the whole of the criminal's history, and training, and defects of inheritance. Only God can punish by way of retribution, for only He can rightly measure guilt.

This savors of sophistry. The premises do not justify the conclusion. As well say with the anarchist, that no human government has a right to exist, because it is necessarily imperfect in scheme and execution.

All the affairs of life are regulated by probabilities. A contested law suit is decided for one side or the other according to the bare preponderance of evidence. The judges may hesitate long before determining which witnesses to believe, which view of a man's intention in using a particular phrase to take, what inference to draw from silence on an occasion when it would have been natural to speak. But when the decision is once made and announced, it ends the matter. Thenceforth the state of facts which has been judicially ascertained becomes indisputable. Whatever is adjudged, the world takes as true.

It is a very human method of getting at the truth. But that the judge may be wrong does not render his judgment unjust. It is to be accepted as just because it is the final word of remedial justice administered by men. If the State is a divine agency towards securing social order, the judgment has a certain divine authority. So has every criminal sentence, and with us by even greater right, because no man can be convicted of crime in an American court except on proof so strong as to exclude any reasonable doubt of guilt.

Professor Willoughby agrees with Kidd that the social order of the future will be regulated and redeemed by a spirit of altruism. They differ as to the way in which this will be worked out. Kidd deems the struggle for existence to belong properly to the brute, and yet to be necessary in human society under any working plan of government from which good results can be expected. Therefore he regards social progress as inimical to individual interests, so far as the majority of men are concerned. Professor Willoughby denies this (pp. 299, 304), asserting that human competition may

be something nobler than the mere struggle for existence, and that religion is not the only means of making it nobler (p. 298). It is a beneficent force, and the only way in which a man can effectually realize himself. He would simply have the game fairly and kindly played, and under rules which the State prescribes or sanctions. Rough it must be, but it need not be uncourteous. All forfeits may not be claimed. We may even sometimes owe it to a feeble or unskilled adversary to let him win; but it will be as when we allow a lady to carry off the palm at tennis,—a matter of good will and good feeling.

Whoever proposes transcendental remedies for the ills of life has the disadvantage of being unable to lay down any particular and definite rules. The vagueness inherent in his theme Professor Willoughby has intensified by the frequent use of unfamiliar not to say pedantic terms. Such words as "propaedeutic," "sacro-sanct," "epistemology," "posit," "purposive," "deterministic," are of frequent occurrence, and the more noticeable because the volume is largely made up of quotations from authors like Godwin, Huxley, Mill and Adam Smith, who knew well that short and common words are the most effective, however profound may be the subject under consideration.

The book is a summation of university lectures, and chiefly valuable as a compendious statement of the literary history of abstract socialism.

In one instance the author has added a generalization of his own, which would be important, if true. It is that penal laws have proved efficient only to the extent of preventing the increase of crime. But while this may be true of penal laws in modern times, how was it with those first promulgated in early societies? We have no exact statistics of crime dating back far enough to justify a categorical answer to this question, and yet it is the vital and fundamental one. Probably, however, penal laws were, from the first, found to lessen crime, and hence, in great part, their general adoption.

SIMEON E. BALDWIN.

Yale University.

*Politics and Administration: A Study in Government.* By Frank J. Goodnow, A.M., LL.D., Professor of Administrative Law in Columbia University. New York, The Macmillan Co., 1900—pp. xiii, 270.

The writer who undertakes to analyze our political institutions, not merely to describe them, has set for himself no easy task. He needs to be fully equipped for his work, not only by a thorough

knowledge of the existing political organization and political conditions, but also by an extended experience in the practical working of political parties. It hardly needs to be said that Professor Goodnow possesses such an equipment to an unusual degree. Therefore the student of politics who finds time to turn to his work on "Politics and Administration," may not unnaturally look forward to a treat—and, whether he agree with the writer's conclusions or not, he will not be disappointed.

The writer's analysis leads him to believe that statesmen and publicists have been befogged in their political thinking by Montesquieu's theory of the separation of powers. Consequently in attempting to apply this theory to practical politics they have met with failure, unexpected to be sure but entirely natural. Evidently a new analysis is necessary. Beginning at the fundamental query, what are the primary functions of the state, the author answers his own question as follows: "The action of the state as a political entity consists either in operations necessary to the expression of its will, or in operations necessary to the execution of that will. The will of the state or sovereign must be made up and formulated before political action can be had. The will of the state or sovereign must be executed, after it has been formulated, if that will is to result in governmental action. . . . These two functions of government may for purposes of convenience be designated respectively as Politics and Administration. Politics has to do with policies or expressions of the state will. Administration has to do with the execution of these policies" (pages 9 and 18).

In the case of the individual, the will is formulated and executed by the same entity; in the case of the political body, the execution of the state's will must necessarily be intrusted in a large measure to a different organ from that which expresses it. Hence it follows that in the state, in order that there may not be political paralysis, a certain harmony, or coördination, must be established between the organs whose duty it is to express the will of the state and those organs entrusted with the expression of that will. Necessarily such coördination increases in difficulty with the development of popular government. The necessary coördination may be secured either by (1) subjecting the political organ to the administrative organ, or (2) by subjecting the latter to the former. Since, from the nature of the work to be accomplished, the administration must be centralized to a considerable degree at least, popular government exists only when the administration is under the control of the legislative

department. The administration may be subjected to the legislative organ in one of two ways: (1) within the governmental system, or (2) outside the government, that is through the instrumentality of the political party. The English system has secured harmony through the first method: the American, constructed on Montesquieu's theory of the separation of powers, is attempting to secure the coördination of the political and administrative functions through the organization of political parties. The absence of strong political parties in Germany enables the Crown to hold the legislature in check, while in France and Italy the same lack of well-organized parties, under the cabinet system, permits self-interest in the ministry to disregard the popular will. The existence of two strong, well developed political parties is desirable under any form of government and the real question for statesmen to solve is not how to destroy the political party with its machine and the boss, but how to make it more expressive of the public will (page 147). The answer is (1) centralize the administration so that it may work effectively and harmoniously, and (2) make the party and the party leader responsible to the people.

The author is of the opinion that we may not expect much help from either the adoption of the referendum or the extension of the cabinet system, at least in the United States. He does expect substantial progress to be made in extending our legal system to include within its sanctions the registration of voters, the regulation of the ballot, and the whole machinery of primary elections. The treatment of the methods by which we may hope to secure legal control of the party organization and thus make the party and the boss responsive to the public will, is especially worthy of attention.

MAURICE ROBINSON.

Yale University.

*Monopolies and Trusts.* By Richard T. Ely, Ph.D., LL.D. New York, The Macmillan Company, 1900—pp. xi, 278.

*The Trust Problem.* By Jeremiah Whipple Jenks, Ph.D. New York, McClure, Phillips & Co., 1900—pp. xix, 281.

In his *Monopolies and Trusts* Professor Ely presents, in a form intended to appeal to the general reader as well as the economist, the theory of monopoly in its application to present-day problems. The essence of monopoly is found to be "substantial and controlling unity of action," special stress being laid on the distinction between



monopolies on the one hand and the mere possession of a differential advantage, production on a large scale, and combination on the other. There can be little question in regard to the soundness of this view if we are to give to the term "monopoly" a sufficiently definite meaning to make it of use in the discussion of what is meant to-day by the monopoly problem. Professor Ely's analysis of the causes which produce monopoly<sup>1</sup> leads him to the conclusion that mere massing of capital cannot of itself be a cause of monopoly. In his view the only industries in which monopoly tends to supplant competition are those which have come to be generally regarded as natural monopolies and those which owe their monopoly character to act of government or to favoritism shown to individual producers by legal or natural monopolies. Over the greater part of the field, not only of agriculture, but of manufactures and of commerce, there is no reason to believe that monopoly will secure control unless artificially supported. The argument in support of this position is clear and able; it constitutes, indeed, one of the best portions of the book; but, while experience alone can show whether it is correct, it may be questioned whether Professor Ely recognizes sufficiently the influences other than capacity to produce at a low cost which may contribute to give monopoly power to a great combination covering practically a whole field of industry, or the influence of concentration of production in making such combinations possible. Certainly if we recognize the possibility of degrees in monopoly, i. e., the existence of partial monopoly, as Professor Ely does in several places, it would seem evident, in the light of recent events, that massing of capital can at least secure a monopoly of this sort.

The view of the field of monopoly, just outlined, leads, in the discussion of what is popularly regarded as the monopoly problem, to a sharp distinction between the monopoly problem proper and the trust problem, the elements of which are concentration of production and concentration of wealth. Our author's view in regard to the proper treatment of monopolies, and the effect such treatment would have in keeping intact the field of competition, are well known. Suffice it to say that they are presented here, if not with less force, yet with a clearer perception of the difficulties involved, than in earlier writings. The attitude taken toward trusts is distinctly conservative, the remedies definitely suggested being education, suppression of favoritism by government and monopolies proper, reform of

<sup>1</sup> Professor Ely's classification of monopoly has been discussed at some length in this Review for November, 1900.



the patent law, taxation of inheritances and bequests and establishment of state and national bureaux of corporations to secure the responsibility of promoters and directors and prevent overcapitalization.

There are points of detail in Professor Ely's treatment of the question which are open to criticism, usually on the ground of incompleteness of statement, or an unhappy choice of terms, rather than of error. Some of these faults, as well as the failure to supply either an index or an analytical table of contents, may be attributed to the fact that the present volume constitutes a detached portion of a larger work not yet published. While it is to be regretted that the small amount of additional labor which would have considerably increased its value as a separate publication, was not spent upon it, it can be said on the whole that in this book Professor Ely has given us a clear and well analyzed presentation of principles which, allowance made for differences of opinion in regard to questions of practical policy, have come to be accepted by economists as sound; a presentation, also, marked by fairness and moderation. It is these characteristics, rather than any addition to the existing stock of knowledge, which constitute the chief merits of the work and make it a valuable contribution toward the creation of a sound public opinion on the subject of which it treats.

As the title of his work indicates, Professor Jenks devotes himself exclusively to the trust problem as distinct from the monopoly problem in the sense in which Professor Ely uses that term. Moreover he approaches the question from a standpoint entirely different from that of Professor Ely, being concerned with the description of the actual organization and working of trusts in this country. It is needless to say that the work is well done. No other American economist has so carefully followed the trust movement from its beginnings or had equal opportunity for observing it in its later aspects. As a result of this fullness of knowledge combined with a capacity for condensed exposition, we have within the compass of 279 duodecimo pages an excellent description of the conditions out of which the trusts have grown or which have helped their development, and of the methods by which they have been financiered, organized and managed; a careful statistical study of the effects produced by five of the more important trusts on prices and wages; a discussion of the social and political effects of trusts and of the possible methods of legislative remedy for the evils which have developed in connection with them; and finally a summary of the

suggestions made at the Chicago trust conference, of the plans of Mr. Bryan and Mr. Coler for the regulation of trusts, a reprint of the preliminary reports on trusts by the Industrial Commission, and the essential provisions of the corporation bill prepared by Mr. Jenks to carry out the suggestions in Governor Roosevelt's message of 1900. From no other source is it possible to obtain in so short a time, if at all, such a comprehensive and accurate idea of the origin and actual course of the trust movement in this country. It is a work, furthermore, excellently fitted for use in the college class room, furnishing just the sort of information which college students are too often compelled to go without.

Unlike Professor Ely, Professor Jenks believes in the power of capital to secure, through combination, at least a partial monopoly. He brings out certain factors in the case which Professor Ely does not seem to have estimated at their full value, and thereby reaches conclusions which most students of the subject will regard as more nearly in accord with the facts than are the conclusions of Professor Ely. The chapters of most general interest are probably those dealing with the effect of the trusts on prices and wages. The method employed brings out the facts in a far more satisfactory manner than has ever been done before, but the facts unfortunately do not yet afford a basis for any very positive conclusions. They do, however, serve to show that the claims of extremists, whether among the advocates or the opponents of the trusts, are unfounded. The Standard Oil and the Sugar trusts cannot claim the credit for the relatively low prices of oil and sugar which have prevailed throughout the greater portion of the period of their existence, since these low prices have been due principally to the low prices of the raw materials they have used. On the other hand, the figures do not show that trusts have increased the margin between the price of the raw material and the price of the finished product over what it would have been if the industries had remained on a normal, i. e. a paying, competitive basis. Likewise in regard to wages it cannot be shown that the trusts have produced any material effect one way or the other.

If Professor Ely is inclined to take a somewhat gloomy view of the effects of monopolies and monopolistic combinations when not controlled in the interest of the public, Professor Jenks furnishes an excellent antidote. It is perhaps not unfair to say that he has a keener sense for the discovery of the benefits than for the discovery of the evils which have resulted from the trusts, at least that his impression of the former is more vivid than of the latter.

As regards remedies for such evils as may exist in connection with the trusts, Professor Jenks has great confidence in publicity on the part of the promoter, in regard to capitalization, and in the form of intelligible, full, and properly audited reports to the stockholders. Publicity secured, he would leave to each corporation the fullest measure of freedom in regard to the organization, capitalization and management of its business. There can be no doubt of the value, indeed the necessity, of publicity as the first step toward any form of effective control; whether publicity alone will prove sufficient may be doubted.

Taken together, these two books, written from different points of view and by men of different temperament, form a very valuable discussion of the monopoly problem in this country.

HENRY B. GARDNER.

Brown University.

*Economic Crises.* By Edward D. Jones, Ph.D. (The Citizen's Library), pp. 251. New York, The Macmillan Co., 1900—pp. 251.

The phenomena of economic crises have frequently proved themselves a stumbling block to economic writers, not so much from their obscurity as from their complexity. They seem to fit into no part of a well arranged scheme. Professor Jones has consequently undertaken a valuable, and at the same time difficult, work in making the crisis a central point for the study of some of the most characteristic features of modern business organization. The book deals purely with what may be called the theory of crises. No attempt is made at a history of crises or at an analysis of the phenomena of any particular crisis. Doubtless an elaborate historical account would be quite outside the purpose of the book, but the value of the theoretical discussion would be enhanced by occasional brief illustration from actual experience.

Every crisis has, so to speak, two aspects, the economic, and the psychological. These the author treats separately, and on both topics he has much of value to say. It is not that under either head he contributes a new theory of crises, but he groups the essential elements of certain accepted theories with freshness and independence. Much attention is given to the theories of earlier writers. He first considers the view represented by Roscher and others, that the cause of crises are to be found in such a hopeless variety of disturbing elements that they cannot be explained by any **rminable** and recurring economic forces, and briefly discusses **various** separate causes which writers of this class have enu-

merated. The author is not satisfied with this kind of explanation, and passes to a consideration of the steadily operating causes that periodically disturb the economic equilibrium. This occupies directly three chapters dealing successively with the "organization of industry," the "problem of capital," and the "wages system" in their relation to crises. Much of what he says on these points is admirable, but the arrangement is unfortunate. He begins in the first of these chapters with the fundamental cause of crises, viz.: the inadequate "coördination of production and consumption," and shows how the changes of the industrial revolution and the widening of all markets have brought this condition about, because of the lack of a corresponding growth of "means of control." The problem of "unused or improperly used capital" considered in the next chapter is not a separate cause, and bears most closely on the theory already stated, but between the two is placed an analysis of various theories regarding the saving or accumulation of what proves to be useless capital. In the same way the chapter on the wages system is devoted chiefly to a discussion of the theory of Rodbertus and ends with considerations of importance to the main theory, namely the increased consumption of laborers. In both cases the discussion of other writers is entirely pertinent to the particular topic, but it leaves the reader without any clear idea as to the author's complete theory. If the last part of Ch. iv (where the problem of multiplying the means of production beyond the demands of consumption is well stated) and the last part of Ch. v could be thrown together with Ch. iii, a more unified theory would be presented.

There is also a lack of unity in the last half of the book. Three chapters are devoted respectively to the Periodicity of Crises, Credit and Speculation and the Psychology of Crises. The last of these deals too exclusively with the general phenomena of "mob action," of which writers like Tarde and Le Bon have had so much to say, while the other two chapters are not brought into close connection with this theory. And yet the most interesting element in the psychology of crises is the periodicity (using the word broadly) of speculative activity and credit expansion.

An interesting suggestion is made by Professor Jones in Ch. iii, which might well have been treated at greater length. Having pointed out the evils arising from the lack of coördination between production and consumption, he considers the agencies that have arisen to control these evils in some measure, and names as the most important, trusts and the speculative markets. This is



unquestionably correct, but the author fails to recognize the real importance of the latter agency and the relation between the two. A deeper analysis of the growth and nature of "means of control" would have added greatly to the strength of this section of the book.

In fact the most unsatisfactory feature of the book is the inadequate treatment of speculation in its relation to crises, and especially the relation of the banks to speculative investment. It has been the aim of the author, to be sure, to confine himself to permanent and fundamental forces that bring about crises, but his discussion of speculation is too narrow, even from this point of view. Some of his statements too, may well be questioned. "Futures," transactions where no delivery is intended, and transactions on a small margin, he classes together as being of no social service (p. 171). In enumerating "regulations designed to restrict speculation" (p. 174) he gives "Sir John Barnard's Act" as in force to-day, though it was repealed in 1860, and refers to the German act of 1885, taxing exchange transactions, but says nothing of the German act of 1896, which is the most elaborate and far-reaching legislation in control of speculation ever attempted. The extensive literature regarding speculation in all its phases which has appeared in Germany in connection with this act, the author has apparently not consulted. No reference is made to any of these recent books in his bibliography of works on speculation.

Despite criticisms of this nature, however, the book is a welcome addition to the literature of the subject. The style is usually clear and concise, though sometimes marred by the use of many learned quotations to prove an accepted truth.

H. C. E.

*A Treatise upon the Law and Practice of Taxation in Missouri.*

By Frederick N. Judson, of the St. Louis Bar. Columbia, Mo., E. W. Sutphens, 1900—8vo, pp. xiv, 358.

Publications upon the subject of State and local taxation in the United States are sharply divided into two classes: those written by trained economists, who approach the subject from the point of view of the foreign, especially the German writers and bring it into consonance with the established science of public finance; and those written by jurists, who describe the development of the fiscal systems and the existing methods of collecting public revenue for State and local purposes. The book before us is one of the latter type, and



will rank with Judge T. M. Cooley's and J. T. Davies' similar treatises in successfully presenting the practical workings, especially of our unique American property tax, and the intricate problems that system of taxation offers and legislation has sought to remedy.

The history of taxation in Missouri presents no striking peculiarities. The governmental organization and the fiscal machinery were copied from the older, chiefly from the Northeastern States. There is a peculiar mixture of county and town organization due to the double influence of Northern and Southern traditions. The development of the tax system follows the usual precedents of other States. Its fundamental principle, as expressed in the State Constitution of 1865, calls for the taxation of all property, real and personal, the customary exemptions being allowed. From the election of assessors to the collection of delinquent taxes the details of the system are the familiar ones. A constitutional limitation is put upon the tax rate; bank stock, as elsewhere, is the kind of personal property most successfully taxed. The customary County and State Boards of Equalization aim to equalize assessments as between individual taxpayers and individual counties. The State Board also takes the initiative in assessing the property of the railroads and similar corporations.

As the population of the State grew, and with it the government expenses, the same problems that arose elsewhere were met in Missouri; such as the familiar lack of uniformity of assessment as between real and personal property, and as between similar property situated in urban and rural communities; and in general the growth of large cities and their conflict of interest with the country sections. As in so many other States, an attempt was made to separate the State Treasury from the local governments and supply it with an independent revenue by adopting an inheritance tax system in 1895, which, however, has not met with the approval of the courts.

In one particular the Missouri tax experience is instructive, and adds one more chapter to our experience with the taxation of personal property. Until within a year mortgages in Missouri were treated as the personal property of the lender, and a futile attempt was made to tax them as such. They were practically exempt from taxation, as they were legally in California. In 1900 Missouri adopted a Constitutional amendment, copied directly from the California Constitution of 1879, which directs that, for purposes of taxation, a mortgage shall be deemed an interest in the property affected thereby. The mortgage property, less the amount of the

mortgage, shall be taxed to the borrower, and the mortgage to the lender. Moreover, contracts by which the debtor is obligated to pay the tax on the mortgage are declared void.

This Constitutional amendment was under discussion when Mr. Judson wrote. He argued against its adoption; and clearly showed how, judging from California's experience, the prohibition of contracts shifting the tax to the borrower would be evaded, and how the inevitable result of the tax would be to increase and not lessen the burden of the borrower in a rise of the interest rate. The adoption of the amendment is to be regretted, though it may possibly arouse public interest in State and local taxation, and help to convince the body of voters that an attempt to lighten the burdens of the debtor by legislation inevitably reacts against his interests. In the study of these tax questions Mr. Judson's book will be found extremely helpful and suggestive.

J. C. S.

*The Slavery of Our Times.* By Leo Tolstoy. New York: Dodd, Mead & Co., 1900—pp. xxxi, 186.

A simple recipe could be given for writing books of this kind. Take an epithet and apply it to an abuse; generalize so as to make the epithet fit the whole system of which the abuse is an excrescence; trace the cause of the grievance thus obtained to the most general conditions possible, such as the fundamental constitution of society. Having thus described a state of things truly intolerable, proceed to cure the evil by ignoring it.

This simple formula is applied in the present book to the wage system, but could equally well be applied to almost anything else. Count Tolstoy takes as his starting point the fact that goods porters in Moscow only get one night's sleep out of forty-eight hours, and thus work thirty-six or thirty-seven hours continuously. This system he calls slavery and proceeds to show that any system under which a man is induced for pay to do disagreeable work is slavery. The cause of this slavery he finds in three facts: (1) the lack of land; (2) taxation; (3) the desire to satisfy our wants. But these three are too specific for the author. "So it becomes evident," he says, "that the essence of slavery lies not in these three roots of legislation on which it now rests . . . but in the fact that legislation exists; that there are people who have power to decree laws profitable to themselves, and that as long as people have that power

there will be slavery" (p. 114). "Laws," he says, "are organized violence," and governments which support this violence should, therefore, be abolished.

This seems like a formidable undertaking, but Count Tolstoy is equal to the task. He proposes three practical measures for bringing about this end; first, do not take any part in governmental activity in any capacity; secondly, do not voluntarily pay any taxes or accept any money collected by taxes; thirdly, do not appeal to the government for protection in any way.

To state these doctrines is to refute them. If individuals were generally to refuse to make use of the government, they would have to organize some system of self-defence, and we should soon have an elaborated Pinkerton army, which would inevitably create a new government in the place of the old. Such a book has, nevertheless, a certain use in calling attention to abuses and leading those who are more in touch than the author with real life to take the practical measures which may be necessary for reforming them.

H. W. F.

*United States in the Orient; the Nature of the Economic Problem.*

By Charles A. Conant. Boston, Houghton, Mifflin & Co., 1900—pp. x, 237.

In his treatment of this subject, Mr. Conant accepts to the full the views of the expansionists and defends them upon political and commercial grounds. The central ideas of the book are, (1) that the fall in the earning power of capital, due to the greater accumulations of saved capital in modern times, is enforcing a necessity of new opening for investment or employment. Unless such openings are found or created, a reorganization of society upon a socialistic basis is probable; (2) the ability to produce consumption goods has outrun the effective demand, and new markets must be found and kept open to our products, against the competition of other competing industrial nations. In developing these ideas Mr. Conant shows wide reading and a capability for obtaining pointed illustration. Although there is a connecting thread to his chapters, he often repeats the same ideas and the same figures, one of the disadvantages of reprinting magazine matter in its original form.

Perhaps the leading comment to be made on the book is that the author has too keen a wish to push his theories to an extreme, and shows an inability to weigh his authorities with care. In matters of finance the names he brings forward are excellent; but who would give much attention to Mulhall on statistics, or to Depew on inter-

national politics? It is impossible to notice his arguments as I would wish, but is it wrong to question the absolute qualities of both of his leading theories? The law of diminishing returns applies to capital, and has applied since capital began to compete with capital. Yet the condition of stagnation, when saving is no longer exercised because of the low returns to be obtained from investments, has never been reached, and is hardly conceivable as an actuality. The law is like the law of population—a tendency, held in check by conditions which prevent its full operation. As to his second argument, that production in certain countries has outrun present consumption, this is again an elastic relation, and his conclusion that new markets must be found by diplomacy and force of arms by no means follows. The trade of civilized countries has not increased with semi-civilized peoples, that is in new directions, to the extent which it has increased among themselves. Europe is the best customer of Europe and the United States, and overshadows in importance any probable trade to be found among Asiatic or African peoples.

Progress does not involve expansion in the sense intended by Mr. Conant, and it is remarkable how often expansion is substituted for progress in modern discussion. American cotton has continued to "expand," without an acre of new territory secured as a new market. American iron is securing markets which no army or navy could have opened. The peaceful conquests of commerce rest upon ability to produce at a low cost what the world desires, and do not involve the cares of offensive war or the responsibilities of new territory or protectorates. While the general ideas of Mr. Conant's book rest upon a wrong basis, his essays may be read with profit because of the many side lights thrown upon current events.

WORTHINGTON C. FORD.

Boston.

*The Sources and Literature of English History from the earliest Times to about 1485.* By Charles Gross, Ph.D. London and New York, Longsmans, Green & Co., 1900—8vo, xx, 618 pp.

It is difficult to be too grateful to Prof. Gross for the admirably conceived and executed bibliography which he has given us. Workers in English history have long been without this important tool which French scholars have had in the bibliography of Monod, and German in that of Dahlmann-Waitz; but we are now placed at once in advance of them all by the possession of this more complete and more useful manual.



The book is arranged according to the general plan, followed by its predecessors. First are general sections devoted to the auxiliary sciences: method, philology, palaeography, biography, geography, etc. A chapter is given to the archives, one to collections of sources, and one to modern books of a general character, both on the whole field and on special topics. Then follow three parts, one on the origins, Celtic, Roman and Germanic; one on the Anglo-Saxon period; and one on the period from 1066 to 1485. The second of these parts occupies 75 pages, and the third 280, and each is divided into two general divisions: the original sources and the modern writers.

In the bibliography of the sources the attempt has been made to include every printed source of prime importance, and in the periods which I have most carefully examined this has certainly been done. The book may be used with confidence as a complete guide to the printed sources, for all purposes for which such materials suffice. Of the literature, the lists are necessarily less complete, but here again the book may be used with confidence as giving reference to the most important books on each topic, both in English and in foreign languages. Especially valuable features are the numerous references to articles in periodicals, English and foreign, and the analysis of volumes of essays, like Round's *Feudal England*. In completeness this bibliography is certainly superior to the French and German works referred to, but its great point of superiority is in its critical indications. These are not limited to marking with an asterisk the most important books, but consist of valuable introductions to chapters and sections, and comment under the separate titles, often extending to an analysis of the literature of the subject, as in No. 1349, the Anglo-Saxon chronicle, or No. 1870, Henry de Bracton. In this difficult part of the work, Dr. Gross has succeeded most admirably in keeping to the strictly judicial standpoint and in not allowing a merely personal opinion to appear. As a guide to the student the usefulness of the book is greatly increased by these notes.

The publishers part is on the whole well done. Type and paper are a pleasure to the eye. The binding is, however, very bad, and the cutting of margins in rebinding will injure the appearance of the page. The abominable English custom of such binding should have been abandoned in a book like this, as should also that other English custom of inserting a catalogue of the books of the house at the end of the volume. In a book whose index has to be put to such



frequent use, it is an unpardonable nuisance. Misprints, as in No. 318, are very rare, where proof reading must have been no easy task, and the index is a model. Especially grateful is the almost entire absence of such time-devouring cross references as "*Benedict of Peterborough. see Peterborough. Benedict of,*" the exact reference being given under every entry under which the book would be likely to be sought.

GEORGE B. ADAMS.

Yale University.

*Saracens, Historic and Economic.* By W. J. Ashley, M.A., Professor of Economic History in Harvard University, sometime Fellow of Lincoln College, Oxford. London, Longmans, Green & Co., 1900—8vo, xxvii, 476 pp.

In this volume Professor Ashley has collected a considerable part of the articles that he has written during the past eleven years for publication in periodicals or presentation as public lectures. Some idea of the contents can be given by citing the heads under which the articles are classified: Preliminary (On the Study of Economic History); Mediaeval Agrarian; Mediaeval Urban; Economic Opinion; England and America, 1660-1760; Industrial Organization; Biographical; Academic. The book is clearly an "omnium gatherum," but it is mainly occupied with economic history; of the forty-five articles that comprise the volume nearly two-thirds in number, about one-half in bulk, are reviews of recent books on that subject. Some of these reviews are but two or three pages long, others are substantial enough to have appeared as body articles in learned journals, and one (The Beginning of Town Life in the Middle Ages) reaches a length of more than forty pages, and covers a wide range of the appropriate literature. The reviews in most cases appear in this permanent form just as they were first printed. Some passages of detailed criticism are omitted, some few notes are added, and one case I noted in which the rating of a work was scaled down from "epoch-making" to "remarkable," but the changes on the whole are unimportant. It is a testimony to the author's conscientiousness and ability, to the "honest and thoughtful labour," which he praises in another reviewer (W. F. Allen), that the reviews can stand this test. They are not the least interesting part of the book, and to many they will probably be its most valuable feature. They represent Professor Ashley's opinions of course, and follow the lines of his interests. They are occupied largely with the dis-

cussion of disputed questions, and leave in the background many meritorious contributions of the books reviewed. They will not give the student of economic history a summary of all the work that has been done in this field during the last decade, but they will give him a just appreciation of the advances that have been made along certain lines, and a criticism that is always clear and strong if it is not always decisive.

The rest of the contents is so varied that it defies a summary. No reader can assume that the book has not in it something to interest him until he has explored the full analytical table that indicates the contents. The comparison of the systems of instruction and scholarships at Oxford and at Harvard contain some proposals for reform in American methods that come home to a wider constituency than that to which they were addressed; the analysis of "The American Spirit" in economic and political life, a lecture delivered in England in 1899 and not before printed, is equally interesting, though Professor Ashley contents himself here with describing conditions and does not tell us how to remedy them.

The most important contributions of the volume to the material of economic history are the essay on "The Tory Origin of Free Trade Policy" and the two essays on the "Commercial Relations of England and America." The first-named is a study of the dependence of English commercial doctrine and policy on party politics in the hundred years preceding the publication of *The Wealth of Nations*. In one of the essays on England and America, which has already been published in the *Quarterly Journal of Economics*, the author analyses the effect of the restrictions imposed by England on colonial trade and manufactures. He goes behind the rhetorical complaints against British tyranny, which became common not long before the Revolution, and proves that during the greater part of the colonial period the restrictive acts could not be considered a serious burden by the Americans. Professor Ashley now appends to this article an unpublished study, in which he meets successfully the objection of a critic that the smuggling of colonial times is a proof of the oppressive character of the acts of trade. These original studies are sure of a permanent place in American History. But (to touch on two minor points), Professor Ashley is hardly fair to earlier investigators when he gives to Mr. A. McF. Davis the credit of being the first to show the importance, as a cause of the Revolution, of the attitude of the home government to colonial currency schemes (cf. Sumner, *History of American Currency*,

1898, p. 30. And I doubt whether he can confirm by facts his statement that there was little or no economic progress in the country between the Reformation and the Restoration. In some of the northern States, at least, there was a remarkable development of the industrial organization before the turn of the century.

All of the five and thirty articles in the book have one distinction in common, the distinction of Professor Ashley's admirable style. There are few sentences which need to be read twice; there are many which the reader will like to linger over, because the meaning is so aptly expressed. Professor Ashley does not betray all the secrets of his skill in writing, but he does more than once indicate an essential element of it. The lesson is the old one, to keep the eye on the object. "We can only arrive at results satisfactory to the social historian by determining to visualize the process we imagine at work; and this we cannot do as long as the centre of the picture remains in mist" (p. 203). The criticism here was directed against a special offender, but he applies it pretty generally. The reason why the legal historians have not given us more valuable results is that "they were satisfied if they could put together a logically consistent series of formulae: they felt no craving to visualize, to make a mental picture of, the institutions they described" (p. 133). He wants to have things set forth so clearly that he can understand them by seeing them at work. "I must confess," he writes in an addendum to his review of *The Tribal System in Wales*, "that I am left with a growing inability to picture to myself the formation of 'weles'" as Mr. Seebohm describes the process, and he thinks that there must be something wrong with Mr. Seebohm's theory. He asks (p. 389) that the economist should make the same use of the scientific imagination that he demands of the economic historian. And he does for others what he would have others do for him. He has a keen sense for words, especially when they occupy an important position in a theory that he is criticizing, and uses them carefully in his own construction. These qualities of Professor Ashley's style are too rare to be passed over without thankful recognition; the excellence of his work cannot be explained without taking them into account.

The volume is fitly dedicated to Gustav Schmoller, the master of the subject of which the author writes so proudly, "we who concern ourselves with economic history have with us the current of the world's thought."

CLIVE DAY.

Yale University.

*Russia and the Russians.* By Edmund Noble. Boston, Houghton, Mifflin & Co.—12mo, vii + 285 pp.

The special and peculiar character of Russian history comes chiefly from the separation of Russia from European development and interests, while her territory forms an integral part of the continental area. Her political estrangement from Europe may be said to have ended in the eighteenth century, and since the Napoleonic period she has been a factor of formidable importance in the affairs of the civilized world, but it is still obvious that in the economic and intellectual life of Christendom she exercises a scarcely perceptible influence. Perhaps the best thing that can be said of Mr. Noble's readable monograph "*Russia and the Russians*," is that he undertakes the discussion of a phenomenon which is often and generally ignored by historians, and it is high praise to add that he has made his little volume a supplement of value to the comprehensive work of Leroy-Beaulieu. It need not be asserted that his explanation of the agencies which have isolated Russia is exhaustive, yet so far as it is carried, his reasoning is sound and based on observation, not on theories. In considering the present situation of the Russian people he accounts for the survival of pure autocracy there on the principle that it still remains the kind of government desired by the great majority, and that the demand for free institutions on the part of an infinitesimal minority of the educated class "is overborne by the practical consent given to an autocratic régime by the masses of the people who, besides being ignorant and superstitious, are also politically unambitious." After all, people are apt to make the kind of government they want, in China as in New York.

We need not, however, take a gloomy view of the situation. There is tremendous potentiality in this inert mass of humanity, though it is tardy in quickening. Nothing in the character of the peasants forbids us to believe that they would endeavor to better their condition if they knew how. The economic necessity for this sort of ambition will arise, not from the propaganda of nihilists, but from the gradual development of Russian cities and of the industrial life within them, the creation of labor-and-capital controversies and collisions between factory operatives and their employers. Russia has to-day less than thirty towns of over 30,000 inhabitants, while with half her total population ten years ago we had fifty; it is the survival of mediæval rural conditions rather than of mediæval political institutions that retards the social development of Russia. There is an extremely interesting and suggestive chapter on the



religious situation in the empire, which seems to exhibit more clearly than any other sociological feature the retarded mental development of the nation. A gross and ignorant people have determined the character of the Russian church, which retains the spirit of ancient paganism while conforming outwardly to the forms of Christianity. This is deliberately fostered by the ruling class, which insists upon conformity, treating religious disloyalty as equally wicked and injurious as political disloyalty in order to preserve a strictly uniform and homogeneous mass in the body politic. One would like to have fuller statistics than the author has provided as to the actual number or proportion of mystics and rationalists in the empire. It is said that there are some 15,000,000 dissenters of various shades, all living under more or less restriction, but we should know more about their distribution and activity to determine their probable effect as an element in a social upheaval.

A word of commendation ought to be added for the terse and vigorous style in which Mr. Noble has written a book of unusual interest as well as for the care with which he accents all Russian proper names employed.

F. W. WILLIAMS.

Yale University.

*The American Negro; What He Was, What He Is, and What He May Become.* By William Hannibal Thomas. New York: The Macmillan Co., 1901—pp. xxvi, 440.

This book, written by a member of the race which it discusses—a soldier, newspaper-writer, teacher, lawyer, and legislator—has brought upon its author the maledictions of the negro people themselves, and of their white friends. And justly so, in large measure; for it is one-sided, uncritical, bombastic, and tedious with repetition, in its onslaught upon that race. After being assured for the hundredth time in varying phrase that the negro is “an idle, mental-incapable, with a self-satisfied knowledge that substitutes shadows for substance, darkness for light, sound for sense, chattering for wisdom”; and that his “overshadowing curse is mental imbecility, moral induration, and spiritual torpor,” one experiences a revulsion of feeling in behalf of the accused, or else one asks whether this book be not itself the crowning demonstration of the negro’s illogical and vengeful nature. But this would be unjust also, for the work contains, beneath its exaggerations, a body of substantial and threatening truth, which the people of the country, north and south,



ought to take seriously to heart. And in many of his specific estimates and proposals the author appears to us to be correct, in the main; as e. g., in his statements regarding the increase of crime, sexual immorality and venereal disease among the blacks; in his views as to the influence on the people of the illiterate and immoral minister and modes of worship; in his judgments respecting the "carpet-bag" régime, and certain features of more recent Republican policy at the south; in his opposition to all schemes of colonization in Africa or elsewhere; in his emphasis on domestic training for women and industrial training for men, as the prime educational need of the race; in his proposals for the breaking up of plantations, and the developing of a class of small lease holders or land owners; and in his assertion that the alternative for the American negro is "annihilation or regeneration." But for this last conviction we have better grounds than our author's extraordinary assertion that the negro death-rate is in excess of his birth-rate in this country.

W. F. B.

### *RECENT LITERATURE.*

If the quality of Theodor Gomperz's "Greek Thinkers: A History of Ancient Philosophy" (Charles Scribner's Sons, New York), may be judged from the brilliant and incisive discussion of the rise of historical study and of the work of Herodotus and Thucydides, it may be welcomed as a thoroughly fresh and stimulating history of ancient thought. This first volume brings the subject down to the time of Socrates and the translation of the next volume is under way. The work of the translator seems to be exceptionally well done.

In Professor William Graham's "English Political Philosophy from Hobbs to Maine" (Henry Holt & Co., New York) the student will find an exposition and a criticism of the political theories of Hobbs, Locke, Bentham, Mill and Maine. The book fills a gap in our literature of political science and will prove a convenient manual. The author has not, however, realized the value of the historical method in presenting such an exposition. The historical environment of the writers and their relations to their predecessors and followers do not receive, it seems to us, adequate attention.

Professor John Martin Vincent's "Government in Switzerland" (N. Y., The Macmillan Co.) constitutes in everything but name a revised second edition of his "State and Federal Governments in Switzerland," issued in 1891. It should be added, however, that the chapters are more conveniently and more systematically arranged, many sections have been rewritten and much new matter of importance added. The chapters on proportional representation and on public service in general are entirely new, as is also a section on the amendment to the constitution, adopted in 1891, providing for the popular initiative in revising the constitutional laws. A section in the appendix on the alcohol monopoly is omitted and its space occupied by some illustrations of the working of progressive taxation in the cantons. Where the text has not been rewritten it has in all cases been brought down to date, a feature of especial importance in describing the political institutions of a people whose government is in a state of transition, as in the case of Switzerland to-day. It is issued in the Citizens' Library Series, uniform in style with the other volumes of that library.

Wood's "Political Economy of Humanism" (Boston: Lee & Shepard, 1901) is a revision of his "Political Economy of Natural

Law," which appeared seven years ago. It comprises short and readable chapters on a large variety of topics in the field of applied and theoretical economics, such as the Law of Competition, Profit-Sharing, Capital and Labor, Corporations and Combinations, Money and Tariff questions. The book can lay no claim to originality, but is based on the judicious reading of the leading authorities. While, as the preface states, it avoids being "scholastic, statistical or historic," it has not thereby destroyed its usefulness, and will be found suggestive, if not instructive.

The publication of the official proceedings of the "Quatrième Congrès de L'Alliance Coopérative Internationale" (London, P. S. King & Son) furnishes the student of the coöperative movement an up-to-date account of its progress during recent years in nearly all the European countries as well as in some sections of Asia and Africa. Substantial gains have been made almost without exception, both in the number of persons within its influence and the extent of the operations actually conducted. Coöperation seems to have made its most signal success in the rural provinces of Denmark, where it is stated that it already includes 40 per cent. of the agricultural population, and adds: "Au profit de cette population la Coopération pourvoit absolument *tout* ce dont elle pourrait avoir besoin: achats, ventes, élevage, assurances de toutes sortes, en un mot—*tout*" (page 90). The reports from the different countries are supplemented by several valuable papers and extended discussion of the same.

Students of historical criticism and especially of the analysis of sources, will more and more realize that their best field of observation of such work is in Biblical criticism. The familiarity of the narratives, the radical divergence between different layers of sources, and the substantial agreement of critics all contribute to make the illustration of the critical process intelligible and convincing. To the materials for such study which have been available an important addition has been made in James Moffatt's "The Historical New Testament" (imported by Charles Scribner's Sons, New York). In this volume Mr. Moffatt has arranged all the New Testament in a new translation in the historical order of the composition of the books or parts of books. His introductions and notes provide an ample apparatus of critical reference. His work thus enables the English reader to read through the New Testament books in the order in which they were written and consequently to study directly the development of early Christian thought. In the common phrase

of the day, this is a critically edited source book of the New Testament materials relating to the rise of Christianity.

Mr. W. D. McCrackan has revised and enlarged his excellent "Rise of the Swiss Republic" published nine years ago, and the new edition is issued in an attractive style by Henry Holt & Co. of New York. Mr. McCrackan's scholarship is sound and thorough and his narrative interesting. His comparisons between the federal history of Switzerland and that of the United States and the many illustrations drawn from American practice, make his work the best history of Switzerland in English for American readers. He has added a carefully selected bibliography for the subject matter of each chapter.

Among recent contributions to the published sources of American History, easily the most important addition is Prof. Jameson's painstaking edition of the Correspondence of John C. Calhoun (The Annual Report of the American Historical Association, vol. ii, A. Howard Clark, Sec., Washington, D. C.). Of this stout octavo, about seven hundred pages are occupied by letters written by Calhoun and about four hundred by letters written to him. Nearly all the latter relate to the period 1840-1850. His own letters are more evenly distributed. The nullification controversy and the Texas question receive new light from these letters, but perhaps the most important gain from them will be the clear revelation of Calhoun's motives and ideals in the years of his greatest power as a political guide to the South.

The third volume of Professor Hart's "American History Told by Contemporaries" (The Macmillan Co., New York) covers the period from the end of the Revolution till the annexation of Texas. For the general reader it will prove far more interesting than its predecessors, while it will be equally serviceable to the students. More than half of the volume is occupied with the seventeen years 1783-1800, which are presented in greater detail than was accorded to the American Revolution in the preceding volume. It seems to us that it would be a very desirable step for the editor and publishers to bind together Parts vi-viii of Vol. ii and Parts ii-v of Vol. iii under some such title as "The Beginnings of the United States." Such a combination would be more valuable for instruction and more interesting to the general public than any single volume of the series and would have quite as much unity of theme. It would combine the history of the Revolution and of the formation of the Constitution.



Before the history of civilization in America can be adequately written there must needs be many monographic studies on the respective contributions of the foreign or non-English elements in our population. An excellent example of such work is Prof. Oscar Kuhns' "German and Swiss Settlements of Pennsylvania" during the colonial period (Henry Holt & Co., New York). The motives for emigration, the conditions of the voyage, the establishment of communities in the new world, their social, literary and religious development, are all carefully portrayed. Prof. Kuhns has performed his task in a truly scientific spirit and not as a eulogist of his people. His interesting volume will enlighten all who have been wont to regard the Pennsylvania Dutch only as an unprogressive, sluggish, superstitious and somewhat comical element in that cosmopolitan state. A valuable bibliography is appended to the book.

The student of American political history will find in Gustavus Myers' "History of Tammany Hall" (Gustavus Myers, 52 William Street, New York) an important contribution to the history of democratic government in this country. Mr. Myers has drawn upon unpublished records as well as printed sources. Aaron Burr and his biographer and henchman Matthew L. Davis appear to have been the organizers of Tammany as an effective political machine. In its origin Tammany is the successor of the "Sons of Liberty" and took shape to oppose the aristocratic party in New York under the leadership of Hamilton. Mr. Myers shows that there neither is nor ever has been any real distinction between the Tammany Society and the Tammany Hall political organization, and that the later career of Tammany is but the natural and logical outgrowth of the methods of Burr and Davis.

Inasmuch as Mr. Myers' work is without question a really valuable contribution to American history, showing abundant evidence of conscientious research, is written in an acceptable style, and treats of a subject of popular interest, it is in a high degree suggestive that he was not able to get it published by a regular publisher even when he offered to pay the expenses. If a censorship must exist one exercised by a Czar or an Archbishop is at least as respectable if more comprehensive than one virtually imposed by the fear of Tammany.

Two books on children: Mrs. Charlotte Stetson Perkins' *Concerning Children* (Boston, Small & Maynard) and Dr. A. F. Chamberlain's "The Child: A Study in the Evolution of Man" (Charles Scribner's Sons, New York), illustrate the wide range of the modern study



of the child. Mrs. Perkins' essays are trenchant and dogmatic, with much confident criticism and also much wholesome suggestion, and, at the same time, not a little that is erratic on the question of training children. In Dr. Chamberlain's books, on the other hand, will be found in epitome the results of a vast range of scientific observation on children of all grades of culture. How vast is indicated by the bibliography of seven hundred articles and books from which the material has been collected. Such a compendium of the freshest anthropological researches will be highly appreciated by all who desire to survey the field or wish an outline guide for further study.

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(15<sup>e</sup> année, 1901)

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# THE YALE REVIEW

A QUARTERLY JOURNAL FOR THE SCIENTIFIC DISCUSSION  
OF ECONOMIC, POLITICAL AND SOCIAL QUESTIONS.

Vol. X. No. 2.

August, 1901

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of currency and banking, a national system of weights and measures, a national diplomatic and consular service, a national system of railroads and canals, and a national fleet. In the modern German state these prophecies are fulfilled, and it has been well said by a modern economist, in relation to List, that history is in league with genius.

The recent growth of nationalist feeling in Germany has naturally increased the admiration for List, and the questions that have aroused most public interest have been questions in which his influence could not fail to make itself felt, on one side or the other,—the naval question, the canal question, and the question of protection and commercial treaties. A good instance of this influence both on style and on argument is found in the two small volumes of essays that appeared last year, contributed by leaders among both the older and the younger economists, to the popular agitation for the naval bill. In these essays a vigorous German “*Handels-und Machtpolitik*” was advocated, and the unscrupulous craftiness of the Anglo-Saxon was denounced in a manner which even List might have envied.

It is, however, interesting to note that List’s specific arguments for protection have undergone a marked change. The most important tariff question in Germany to-day is that of a high or low tariff on agricultural products, and the agrarian party seem able to resist every attempt at compromise. But List maintained that protection to agriculture would always be useless, and that the corn-laws had proved themselves the only great mistake in England’s wise commercial policy. When List wrote, however, Germany was an agricultural nation without a developed manufacturing industry and List’s ideal state required a combination of the two, or, in Carey’s phrase, a union of the loom and the plough. With the growth of Germany the loom has triumphed, and in the opinion of many the plough is in grave danger. It cannot be said that under such conditions List would have modified his views, but the most conservative agrarian sympathizers argue that List’s own ideal of a balanced condition of agriculture, manufactures and commerce, that is a complete economic independence, now demands protection to agriculture. And to in the condition of England, which to List was an example, some a warning.



Again List, who recognized the wisdom of England's adoption of free trade, looked forward to a period when all leading nations should adopt free trade on a basis of industrial equality. Protection was advocated as a temporary aid to Germany and the United States during the tutelary period. Now, however, that the leading nations do stand on a practical equality, this condition is urged as a chief reason for the maintenance of some degree of protection. So far as any protectionist feeling is to be found in England, it rests on the fact that the United States and Germany have become her industrial rivals. It is urged that a profitable international division of labor is not secured when several nations compete in producing the same goods for the same markets.

The present fate of these two theories of List, though the time for their justification may be approaching, furnishes interesting illustration of the manner in which arguments, used at one time on one side of the protectionist controversy, become under changed conditions arguments for the opposing side.

The retirement from office of the Prussian statesman Von Miquel under conditions that hardly add to his reputation, cannot fail to recall his great services to the cause of tax reform. The fact that a minister of his force and ability has seldom been removed with so little disturbance to the course of public affairs makes it all the more desirable to give credit where it is due. A contrast is at once suggested by the recent retirement from the leadership of his party of the other great finance minister of the decade, Sir William Harcourt. The latter retired because his stubborn adherence to the principles which he had so long and so ably defended made him unacceptable to a party which had become demoralized by a lack of definite principles. Von Miquel, on the other hand, had followed such a tortuous course regarding recent questions of principle and policy that he finally lost the confidence of all parties and of the Crown as well.

The Prussian minister, however, as a financial reformer will stand even higher than the more consistent Englishman, and that he was the latter's equal as an astute parliamentarian was shown by his skillful political handling of the reforms of 1891 and 1893. Indeed, it is no exaggeration to say that Von Miquel has proved



himself the most trusted and influential personality among all the advisers summoned by the present Emperor to his support. His success has been in the field of Prussian rather than imperial affairs, but within that field he will be remembered as one of the ablest ministers of the century.

His service to the Prussian exchequer lay first in specific tax reforms such as the income and property tax of 1891, secondly, in his distribution of revenues between the state and the local bodies, and thirdly, in his general strengthening of Prussia's financial position. When Von Miquel accepted the finance portfolio eleven years ago he had to face both an illogical system of taxation and a practical condition of increasing expenditures and decreasing revenues. At his resignation he leaves a logical and consistent tax system in operation, and the treasury in a stronger position than at any time in the century. Large surpluses in the last few years have gone to form a reserve fund which will make the position of his successor an easy one. This has been accomplished both through increased revenues and economy in expenditure. The increase in revenue has been of the most solid kind. The burden of taxation has not been materially increased, but in the process of distributing the burden in a juster manner, hitherto untaxed sources of revenue have been reached. From the practical as well as the theoretical point of view the new taxes have proven an eminent success. On the other hand, Von Miquel's economy has laid him open to the charge of treating all problems too narrowly from the fiscal point of view. This has been more than once noticeable in the case of railroad administration as well as in cases of non-revenue yielding branches of administration. Yet it can hardly be denied that with the Prussian tendency to "cultural expenditures," her financial position has been greatly strengthened by such a watchdog at the treasury.

The earliest of the series of expositions that form a notable feature of the past fifty years of the world's industrial history chiefly served the purpose of informing the public of the advances made in the industrial arts, and nobly did they fulfil that purpose. It was especially the Centennial Exposition of 1876 which familiarized the people in general with the technical progress

that had been made in the history of the country, and which laid the foundation for still greater and more rapid progress during the past generation. The World's Fair in Chicago in 1893 was still largely based on this motive of disseminating information. This was, of course, particularly true in matters concerning the electric industries and in those centering about transportation.

Looked at from the point of view of the exhibitors, such expositions were preëminently gigantic advertising schemes, attempts on the part of the producers to influence the body of consumers in the distribution of their income, by offering them some new means of gratifying their wants, or by arousing a new want which the new device could satisfy. In a word, the exhibitors were the backbone of the exposition. The success of the exposition depended on their efforts to get together an attractive display of goods; and the success of the exhibitors depended on attracting a large number of visitors, thereby insuring themselves a larger market for their goods. These motives seem to have lost their force in recent expositions. The general buying public is surfeited with information. A multitude of magazines and similar publications present in their advertisements,—which everybody reads,—the attractions of an endless variety of "novelties"; but also familiarize the reader in their text and illustrations with all the mechanical and other devices employed in the modern industries. The up-to-date child knows more about the refinements and progress of the mechanical arts than his father does or ever could know.

At the present Pan-American Exposition at Buffalo the absence of many leading exhibitors of former times is noticeable. It evidently no longer pays to bring together at great risk and expense a large assortment of goods with a view to attracting buyers. The body of buyers has been educated up to a high degree of discrimination in making purchases, and needs no further help in detecting humbugs or labor-saving appliances. The leading exhibitor is no longer a manufacturer anxious to extend his market, but the government. The comprehensive exhibits of the Federal government strikingly suggest the extent of modern government activity. They also indicate the very general

application of scientific methods to the industries of the country, particularly in agriculture and the allied industries. In these lines much valuable information is doubtless still disseminated by expositions. But their chief function seems to have grown to be this: to furnish amusement and pleasure to the great crowd of visitors. At the Paris and Chicago Expositions this motive was given great prominence, but we think that the Buffalo Exposition surpasses them in this particular, and will be remembered as a successful attempt to teach the visiting public how to enjoy itself.

While the "Midway" in its recent development in Chicago and Paris does not stand for the highest kind of amusement, this institution at Buffalo evidently yields in attractive power to the general aesthetic elements of the exposition, the architectural and decorative features, the color effects, illuminations and musical attractions, which are opening hitherto neglected channels of public enjoyment. That these are fully appreciated and made use of is shown by the large and orderly attendance. The public is rapidly learning to enjoy an orchestral concert and a vista of beautiful buildings more than a side-show of freaks and illusions or the gratification of their baser appetites. Such institutions as the present exposition do much to teach the public the true meaning of play, which, by general consent, is more fully understood by the peoples of older countries.

It is remarkable that, though we are constantly trying in the United States to save time and to facilitate commercial intercourse, and though hundreds of ingenious inventions are being made with this end in view, we have as yet no modern means of remitting small sums through the post office. We have, to be sure, the money order, but this is a time-consuming device, which recalls the methods of the Bank of Amsterdam. Doubtless, it seemed a great convenience to the slow Dutchman of the 17th century to be able to go to the bank in person and order a transfer of credits in favor of his neighbor; but when it was discovered that the same thing could be perfectly well done by means of checks, the Bank of Amsterdam together with its methods went out of existence. Yet the modern money order involves almost

the same formalities. In order to secure one, a person must go in person or by deputy to the post office, must fill out an elaborate blank, must wait while the clerk is doing a considerable amount of writing; and then, after the order has been sent through the mail, it still requires a personal visit to the post office on the part of the payee to cash it. Not only is the time consumed in this way out of all proportion as a rule to the sums sent, but it is out of all proportion to the ease with which any person who has a bank account can send large sums to his correspondents. In short, the money order in the twentieth century is an anachronism.

The inconvenience of the method is shown by the devices to which people resort in order to evade it. Some people make small payments by means of postage stamps, but these are seldom welcome to the receiver. Sometimes a coin is sent by means of a card with a hole specially cut to fit it. This also is cumbersome and unsafe. The money order still remains the only method of sending small sums which is both safe and fair to the creditor. The absence of a better device is all the more striking, when we consider the millions which our post office is spending in order to facilitate the transmission of the very kind of mail matter which is most apt to require such remittances. Newspapers and other periodicals must often be paid for through the mails, while fourth-class matter in the form of merchandise is being more and more commonly sent to the most remote parts of the country in this way; and yet the money payment, which is, in the majority of cases, the *conditio sine qua non* of the delivery of periodicals and merchandise, is always difficult and cumbersome. Even Germany, in spite of the slowness of many of her business methods, is ahead of our country in this respect, for, though a visit to the post office is required for sending a money order, the money itself is delivered to the receiver by carrier, and at least one trip is saved. Moreover, the possibility of sending parcels c.o.d. by post saves many a small payment for fourth-class matter; and the system by which the post office is authorized to receive subscriptions to newspapers saves the frequent sending of small sums in payment for second-class matter.

Why cannot a form of postal currency be devised which will come up to the requirements of modern business? This cur-



rency might be issued in convenient denominations, like postage stamps, of a size sufficiently large to permit of endorsement, and redeemable at any money order office. A small payment charged for the currency would prevent its circulating as a substitute for small change. The danger of counterfeiting could probably be obviated by the perfection of the printing, and the danger of theft by requiring the endorsement of the receiver. Private enterprise would doubtless have solved this problem long ago, if there had been a profit to be made out of it, and there is no reason why the postal authorities should not solve it, if they can be convinced of the need of it.

## THE SUPREME COURT AND THE INSULAR CASES.

UNDER our system of government, the courts have the last word. Legislatures may enact statutes and the President and Senate may make treaties, but if any question arises as to their effect, the judiciary must ultimately settle it.

Several such questions were presented by the results of our war with Spain. Were the islands which she ceded to us thereby constituted a part of the United States? Did the Constitution prescribe any rules affecting the mode of government? Could the President, by virtue of his military powers, direct their affairs as he might think proper, until, at least, Congress should intervene?

In December, 1900, and January, 1901, nine cases, involving the consideration of these points, were argued at great length and with great ability before the Supreme Court of the United States. On their decision practically depended the retention or the abandonment of the Philippines; for if the Constitution made their inhabitants fully American citizens and required that they should be governed in the same manner as citizens of one of our organized American Territories, it would extend to semi-civilized or savage races guaranties fit only for an intelligent and educated people.

Soon after the hearing, Congress ordered the records and arguments to be compiled and printed, as a public document, and they made a volume of over a thousand pages.

Four or five months of deliberation found the court unable to announce any decision in two of these cases.<sup>1</sup> The rest were disposed of at the close of the term, but in so lame and halting a way that it is difficult for any one, without close and critical study, to get any clear conception of the positions that may be considered as established.

<sup>1</sup> *Dooley v. The United States*, No. 502, and *Fourteen Diamond Rings v. United States*, No. 419.

These may be summarized thus:

1. Territory acquired in possession by the United States, under a treaty, by cession from a foreign power, does not remain a foreign country within the meaning of the tariff laws, which impose customs duties on "all articles imported from foreign countries."

No Act of Congress is necessary to make it domestic territory.

Porto Rico therefore became "a territory of the United States," after the ratification of the treaty of cession and the taking of possession, "although not an organized territory, in the technical sense of the word."

This was the decision in *DeLima v. Bidwell* (21 Supreme Court Reporter, 744, 753, 754, 752), followed in *Goetze vs. The United States*, (*ibid.* 741). It was the act of five of the nine Justices, Chief Justice Fuller, and Justices Harlan, Brewer, Brown and Peckham; Justices Gray, Shiras, White and McKenna dissenting. The latter were of opinion that Porto Rico, while in one sense domestic territory, in another sense remained foreign territory.

2. The Hawaiian islands were not a foreign territory, within the meaning of the tariff laws, as to goods imported into one of the United States from Honolulu long after the annexation of the islands, and the taking of full possession by the United States. This was the unanimous decision in *Crossman v. United States* (21 Supreme Court Reporter, 743).

It may be observed that the Joint Resolution under which annexation was accomplished provided that they were annexed "as a part of the territory of the United States, and are subject to the sovereign dominion thereof," and also that "until legislation shall be enacted extending the United States customs laws and regulations to the Hawaiian islands, the existing customs relations to the Hawaiian islands with the United States and other countries shall remain unchanged." It would therefore appear that all the Justices agreed in holding that Congress could not accept an absolute cession of foreign territory, by an Act making it in terms a part of the territory of the United States, and yet, in the same Act, declare that it should be regarded as subject to the operation of our customs laws, as if it were still

a foreign country. The judgment rendered seems therefore to involve the assumption that the Act of annexation was in part unconstitutional and void; yet this grave determination was made by mere implication and is not so much as noticed in the opinion of the court, which is one of a few lines and is rested solely on *DeLima v. Bidwell*.

An opposite conclusion had been reached by the Supreme Court of Hawaii in 1899, when a similar question was presented to them in the case of the *W. C. Peacock & Co. v. The Republic of Hawaii*. They held unanimously, in an able opinion by Mr. Justice Frear, that the Act was wholly operative and valid. The annexation, they declared, remained incomplete until possession was delivered. This was the settled rule of international law. During this interregnum the Constitution of the United States certainly could not affect the existing tariff. But there must follow a period of transition. During that or for that Congress might make such temporary provision as it thought necessary, to bridge over the change from one system of laws to another. This did not differ greatly from the ground taken by Justices Gray, Shiras, White, and McKenna, in *DeLima v. Bidwell*, and more precisely defined by one of them in *Downes v. Bidwell*.

3. Porto Rico, before the treaty of cession, and while merely in the military occupation of the United States, was a foreign country, to be ruled by the will of the military commander. He could therefore impose such taxes and levy such customs duties as he thought necessary, including duties on imports from the United States.

This was the unanimous decision in *Dooley v. United States* (21 Supreme Court Reporter, 766, 768).

4. Porto Rico, after possession was taken or held under the treaty of cession, ceased to be a foreign country, and although military occupation and government were properly continued, until Congress should provide otherwise, the military commander could no longer levy customs duties on imports from a State of the United States. "Her right to the free entry of goods from the ports of the United States continued until Congress should constitutionally legislate upon the subject."



Chief Justice Fuller caustically remarks in his dissenting opinion, that it is manifestly true that Marshall's observations in *Loughborough v. Blake* have occasioned some embarrassment in other cases, "for it is necessary to overrule that decision in order to reach the result" embodied in the judgment now announced.

The four other Justices concurring in that judgment agreed with the Chief Justice that Mr. Justice Brown's criticism of Marshall's observations, as uncalled for and *obiter dicta*, was unfounded. Their position was that Congress did not derive its right to lay local taxes for local purposes within the territories from the general grant of power to levy and collect taxes; and so that it was not restrained by the uniformity clause. Congress taxed territories as a regulation of the territory. It could not, however, tax imposts into one of the United States from territory not only belonging to the United States, but so incorporated into the United States as to form a part of them. The duties collected in the case at bar were not local taxes; but neither were they levied on goods imported from territory which was fully part of the United States. Hence their exaction was within the powers of Congress to regulate the relations of that territory with the United States.

Another position in which Mr. Justice Brown stood alone was in regard to the relations of the State to the general government. The term United States, he said, meant "*States* whose people *united* to form the Constitution, and such as have since been admitted to the Union upon an equality with them." "If, in limiting the power which Congress was to exercise within the United States, it was also intended to limit it with regard to such territories as the people of the United States should thereafter acquire, such limitations should have been expressed. Instead of that, we find the Constitution speaking only to States, except in the territorial clause, which is absolute in its terms and suggestive of no limitations upon the power of Congress in dealing with them. The States could only delegate to Congress such powers as they themselves possessed, and as they had no power to acquire new territory they had none to delegate in that connection."

This seems strangely like the extreme form of the States Rights doctrine put forward a hundred years ago in the Virginia and Kentucky Resolutions. It has little in common with Marshall's views of the Constitution as the work of the people.

The States could certainly only delegate to Congress such powers as they themselves possessed, but the people of those States, acting, indeed, through the States, but no less as the people of the United States, could give to the government of the United States powers which none of the separate States possessed or, in the nature of things, ever could have possessed. The protest of Mr. Justice Harlan, in his separate dissenting opinion, from these positions of Mr. Justice Brown, is a vigorous and timely one.

Mr. Justice Brown also asserts that "if Porto Rico be a part of the United States, the Foraker Act imposing duties upon its products is unconstitutional, not only by reason of a violation of the uniformity clause, but because by § 9 'vessels bound to or from one State' cannot 'be obliged to enter, clear, or pay duties in another.'" No reason is given for this position, and it seems difficult to sustain it in its application to the case before the court, unless it be held that Porto Rico was a State within the meaning of the section quoted, whereas it was, at most, a territory of the United States. An Act of Congress is not lightly to be held unconstitutional, and if the Foraker Act were such for this cause, it would be by giving a construction to the words of the Constitution which carries them beyond their plain and natural meaning.

The opinion of Mr. Justice White, concurred in by Justices Gray, Shiras, and McKenna, supports the Foraker Act on grounds widely different.

Their position is that the treaty-making power cannot permanently enlarge the boundaries of the United States without the consent of the people of the United States, manifested by an Act of Congress, or implied from what Congress does or fails to do. Under the treaty with Spain therefore, "while in an international sense Porto Rico was not a foreign country, since

ground a step farther than the Downes case had gone. Justices Gray, Shiras, White and McKenna were apparently ready to make this advance. They had declared that Porto Rico was foreign territory in a domestic though not in an international sense, and one (Mr. Justice Gray) had said explicitly that so long as Congress had not "incorporated" it into the United States, it might, "during the transition period," establish a temporary system of duties on "articles going into Porto Rico from the United States or coming into the United States from Porto Rico." Mr. Justice Brown's vote, however, was necessary to make these positions those of the Court, and he had taken different ground. To him Porto Rico appeared to have become part of the United States, but not being one of the States nor ever having been part of one of them, to lie outside of the range of the constitutional provisions regarding the raising of revenue. It was a territory, and these provisions only related to the States. Regarding Porto Rico thus subjectively, he was able to agree with four of his associates that her exports to an American State could be taxed before they entered it. But, in the second *Dooley* case, looking at New York subjectively, he was evidently unable to bring himself, without further consideration, to say that exports from an American State could be taxed as the price of admission to an American Territory.

The remaining case left undetermined (*Fourteen Diamond Rings v. United States*) was perhaps the most important of all.

Pepke, a citizen of the United States, went to the Philippines as a soldier in a North Dakota regiment. After the treaty of cession had been ratified, and while Luzon was mainly in our military occupation, but before the passage of the Spooner Act, he bought these fourteen diamond rings and carried them to his home. Were they dutiable? The government contended that they were, under the general tariff laws as to "articles imported from foreign countries."

It will be observed that there had been no Congressional legislation having particular regard to the Philippines. There was no Foraker Act adapted to a "transition period" and designed as a temporary bridge for an extraordinary occasion. The only question was whether the Philippines were a foreign country within the meaning of the regular tariff laws.

Mr. Justice Brown had, in *DeLima v. Bidwell*, accepted the definition given by Chief Justice Marshall and Mr. Justice Story that a foreign country was "one exclusively within the sovereignty of a foreign nation, and without the sovereignty of the United States." Territory acquired by cession and taken into our possession became, he said, domestic territory for all purposes. No Act of Congress was necessary to make it such. It could not "be domestic for one purpose and foreign for another."

These positions received the full assent of the Chief Justice and Justices Harlan, Brewer and Peckham. The four other Associate Justices dissented. To decide the *Pepke* case in favor of the United States would have required the vote of Mr. Justice Brown, and it would seem that it could only have been given on the ground that the military occupation of Luzon was so partial and incomplete that our title was a mere paper one, and that possession remained unsecured. But could we thus impugn our own right of sovereignty? Spain had relinquished hers. That the Filipinos had any we had always denied. That they constituted a nation we had never acknowledged. How then could Luzon be regarded as a foreign country under the definition given in the *DeLima* case?

These are questions to which we may expect an answer next Fall, and apparently it must come from Mr. Justice Brown. His associates, it would seem, have taken their ground too firmly to be moved: four on one side and four on the other.

He has had, thus far, the advantage of a theory to work from, which, so far as the rest of the court is concerned, is wholly his own. This, to judge from his language in *Downes v. Bidwell*, already mentioned, is that the Constitution is simply an affair of the States, and speaks only to them.

His opinion in that case, it must be remembered, was the expression of his sole and individual views. He professed to announce not the opinion, but "the conclusion and judgment of the court."

He quoted with apparent approval a passage from Senator Benton's review of the *Dred Scott* case. Benton asks who were the parties to the Constitution of the United States, and answers:



"The States alone. Their delegates framed it in the Federal Convention: their citizens adopted it in the State Conventions. . . . The preamble shows that it was made by States. Territories are not alluded to in it." Probably, however, the real theory of Mr. Justice Brown is that the people of the United States framed the Constitution, but framed it for the especial benefit of the people of the several States, which people they were. This seems historically tenable, and is in accord with the language of Mr. Justice Wilson in the old case of *Chisholm v. Georgia*.<sup>1</sup> If applied to the interpretation of the first eight amendments of our Constitution, which stand for our national bill of rights, it offers a mode of solving many difficulties that would otherwise perplex us in dealing with the Filipinos. It was observed in the *Yale Law Journal*<sup>2</sup> two years ago, that "under this construction of the Constitution, the people of the United States, acting through the legislative powers of the United States, could forbid the people of any of our new acquisitions to assemble for purposes of political discussion; to petition our government for a redress of grievances; to keep arms; or to bear them; and could provide for searches and seizures of their persons, houses, papers and effects, in modes that would be unreasonable and illegal if employed as to those belonging to any of our States. It is not improbable that such prohibitions and provisions will be quite necessary in dealing with the inhabitants of these possessions, and the power to resort to them may afford a new instance of the wise foresight of those in the first Congress who put our national bill of rights in form."

How far these eight amendments are "of general and how far of local application" is a point expressly reserved in announcing the Downes decision, with the suggestion that there were distinctions "between such prohibitions as go to the very root of the power of Congress to act at all, irrespective of time or place, and such as are operative only throughout the United States or among the several States," and also (in words already quoted) between natural rights and artificial or remedial ones, peculiar to American law.

<sup>1</sup> 2 Dallas' Reports, 462, 463.

<sup>2</sup> For January, 1899, p. 167, article on "*The People of the United States*."

That the Constitution of the United States affords some rule for dealing with our new possessions is, however, definitely settled by the cases under review. To that extent all the members of the court, except Mr. Justice Brown, have explicitly expressed themselves. This document does not, they say, speak merely for the States and to the States: the only question, upon any state of facts, as to whether its provisions are applicable to territory owned by the United States and in its possession, can be, as to what those provisions fairly mean. In the language of Justices Gray, Shiras, White and McKenna, in the *Downes* case, "In the case of the territories, as in every other instance, when a provision of the Constitution is invoked, the question which arises is, not whether the Constitution is operative, for that is self-evident, but whether the provision relied on is applicable." Or, as more strongly put in the dissenting opinion of the Chief Justice and Justices Gray, Brewer and Peckham: "The powers delegated by the people to their agents are not enlarged by the expansion of the domain within which they are exercised. When the restriction on the exercise of a particular power by a particular agent is ascertained, that is an end of the question. To hold otherwise is to overthrow the basis of our constitutional law, and moreover, in effect, to reassert the proposition that the States, and not the people, created the government."

It is not improbable that on another point the court would be unanimous. This is, in the words of Justices Gray, Shiras, White and McKenna, that "even in cases where there is no direct command of the Constitution which applies, there may nevertheless be restrictions of so fundamental a nature that they cannot be transgressed, although not expressed in so many words in the Constitution." Mr. Justice Brown, as already stated, seems to hold substantially this doctrine. It was acted on by the court, in 1874, in holding a statute of a State void which contravened, as they said, some of the "implied reservations of individual rights, without which the social compact could not exist, and which are respected by all governments entitled to the name."<sup>1</sup>

<sup>1</sup> *Loan Association v. Topeka*, 20 Wallace's Reports, 655, 663. See this subject fully discussed in *State v. Travelers Insurance Company*, 73 Connecticut Reports, 258.

The process upon this ground, however, is to push the judicial power to its utmost verge. It brings in a certain extent, an element of uncertainty into the law. These fundamental rights are such and such only as the few men who chance to occupy the bench of the court of last resort may see fit to recognize. There is no appeal from their decision, and that decision rests on no written law.

It seems probable that the liberties of the millions of new inhabitants now brought under the power of the United States will not be left to a protection so indefinite and insecure.

When two of Burr's adherents were arrested by General Wilkinson, as military commander at New Orleans in 1806, there being then a territorial government there, with an established court, the Supreme Court discharged them on a writ of *habeas corpus*. Mr. Justice Story was then on the bench, and in his *Commentaries on the Constitution*<sup>1</sup> characterizes this arrest without a civil warrant as "a very gross violation" of the fourth Amendment of the Constitution. If such it was, it is difficult to see why a Porto Rican or Hawaiian might not now claim similar immunities.

None of the nine cases under review called for any decision as to the existence of personal rights of this description. In the Foraker Act, what looks like an attempt to exclude or qualify them was made by the provision that the inhabitants of Porto Rico who were Spanish subjects, and their children born subsequent to the cession, "shall be deemed and held to be citizens of Porto Rico and as such entitled to the protection of the United States." They, and all citizens of the United States who might reside in the island, it was also enacted, "shall constitute a body politic under the name of the people of Porto Rico."

Here are distinct words of separate incorporation. "The people of Porto Rico" is the corporate name of an artificial person. To every artificial person attach certain legal powers and privileges, such as the right to sue and to be sued. If this new public corporation should pass laws to oppress any of its inhabitants, and they should seek judicial relief, can it be doubted that

Constitution of the United States would govern the judge

<sup>1</sup> III, § 1895, note.

In the argument of the *Insular Cases*, the following colloquy took place, while the Solicitor General was addressing the court:

"Mr. Justice Harlan. What would you say as to an Act of Congress which absolutely forbade all trade between Porto Rico and the States? If Congress could not do that, what is the provision of the Federal Constitution that would stand in the way?"

The Solicitor-General. I think Congress could, if it saw fit, prohibit all trade.

Mr. Justice Harlan. And could prohibit the people in that country from coming here at all, to the States?

The Solicitor-General. I am disposed to think that goes along with the other."

It is plain that the majority of the court could not have agreed with the positions thus taken by the Solicitor-General. They came nearer to the ground assumed by President Harrison in his address at the University of Michigan, in declaring it to be the true and "old American idea that a government of absolute power is an intolerable thing, and under the Constitution of the United States an impossible thing."

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## DIRECT TAXES AND THE FEDERAL CONSTITUTION.<sup>1</sup>

### IV.

We are now ready to study the formal definitions and explanations of the terms used by the constitution. It is a noticeable fact that, in almost every case where such a thing was either asked or attempted, grave doubts were expressed as to the exact definition of these words.

The first case of this sort is found in the constitutional convention itself. There Mr. King, who had himself, as early as 1786, mentioned taxes "of the direct kind,"<sup>2</sup> demanded definite information upon this question. Mr. Madison relates the incident<sup>3</sup> in the following words: "Mr. King asked the precise meaning of direct taxation. No one answered." Had an attempt been made to respond to King's natural query, the answers would surely have disclosed wide differences of opinion. In no subsequent discussion was agreement reached—a result that need occasion no surprise in view of the fact that the classifications formulated later by economic writers present no less than eight or nine different groups of definitions.

In 1793, an attempt was made to give precision to the words of the constitution by inserting the following amendment: "Every tax shall be deemed direct, other than taxes on imports, excises, transfers of property, and law proceedings."<sup>4</sup> This fact is indicative of the doubts and uncertainties that arose when the men who formed our present government undertook to legislate under the provisions of the direct tax clause. At some period prior to 1796, St. George Tucker attempted to formulate a definition.<sup>5</sup> He could find no better source of information than the work of Sir James Steuart, who did not attempt to classify taxes as direct and indirect. Tucker explains Steuart's classification

<sup>1</sup> See YALE REVIEW, ix, 439, x, 6, Feb., May, 1901.

<sup>2</sup> *Life and Correspondence of King*, i, 190.

<sup>3</sup> Elliot, *Debates*, v, 451.

<sup>4</sup> *Annals of Congress*, Second Congress, 663.

<sup>5</sup> *Edition of Blackstone's Commentaries*, i, Part i, Appendix, 231-246.

of taxes as cumulative and proportional. Then he assumes that the taxes mentioned in the constitution "appear naturally to fall under a similar division, and the words direct and indirect may consequently be substituted for the terms cumulative and proportional, used by that author." He came to the conclusion that the tax levied on carriages was direct, a result that was later contradicted by the decision of the Supreme Court in the *Hylton* case. Accordingly Tucker inserted a footnote, prior to the publication of his work, explaining that his reasoning was "merely hypothetical, and speculative."

In 1796, Alexander Hamilton appeared in the Supreme Court to defend the constitutionality of the duties which Congress had recently imposed, as indirect taxes, upon pleasure carriages. In the income tax cases the counsel attempted to minimize the importance of the views here advanced by Hamilton, on the ground that he was "arguing under his retainer, and advancing such positions as he thought might secure the favorable judgment of the Court."<sup>1</sup> It may be conceded that Hamilton did present an advocate's opinion, for which he was probably paid; and that such an argument as this can come with the best of grace from the counsel in the income tax cases, who doubtless could have said, with Otis arguing against the writs of assistance, "in such a cause as this I despise a fee." But the significant facts remain, nevertheless, that Hamilton was "advancing such positions as he thought might secure the favorable judgment of the Court"; and that three of the justices before whom he was arguing had been members of the federal convention. Such a tribunal had almost as good facilities for forming an opinion concerning questions of historical fact as the court which Mr. Seward addressed. In Hamilton's argument important statements are found, all of which relate to matters of simple fact of which the judges of the Supreme Court could not fail to have been informed. Hamilton said:<sup>2</sup> "What is the distinction between *direct* and *indirect* taxes? It is a matter of regret that terms so uncertain and vague in so important a point are to be

<sup>1</sup> Seward's *Historical Argument*, 7-8.

<sup>2</sup> Lodge, *Works of Hamilton*, vii, 328.

found in the Constitution. We shall seek in vain for any antecedent settled legal meaning to the respective terms—there is none.” This is a simple statement of fact which a study of all legal and economic literature confirms. And it is evident that the court entertained views similar to those expressed by Hamilton. While all the judges agreed that the carriage duty was an indirect tax, they knew of no accepted theory that could be taken as an authoritative settlement of the classification contemplated by the constitution.<sup>1</sup>

If the Supreme Court was uncertain as to the exact meaning of these terms, it need not surprise us to find doubt expressed in Congress. In 1794, after the subject had been discussed by a number of representatives, Mr. Murray “confessed that the terms in the Constitution, direct and indirect taxes, had never conveyed very distinct or definite ideas to his mind . . .”<sup>2</sup> He declared that after “all he had heard he still saw much confusion in the definitions.” In 1796, Gallatin wrote:<sup>3</sup> A “less vague expression than that of ‘direct’ might have been used in the Constitution; as it now stands, it is difficult to affix to it any precise and determinate meaning.” This statement is the more significant since it occurs in the midst of an attempt to present Gallatin’s own view of the subject.

Bearing in mind the fact that the very people who attempted to define the meaning of the words of the constitution continually gave expression to their doubt and uncertainty, we may now consider the various formal explanations advanced. Here nothing more need be said concerning the influence of the physiocratic theories, since that subject has been discussed in a previous section.

(1) The first attempt at formal definition seems to have been made by Hugh Williamson in 1787.<sup>4</sup> His words were as follows: “The capitation tax and land tax, such as are usual among us, are inevitable and positive taxes: they are not to be averted . . . But the excise is a negative or indirect tax.” Ten years later this idea was repeated by the Rev. Dr. Collin.<sup>5</sup>

<sup>1</sup> 3 Dallas, 153, 155, 161.

<sup>2</sup> *Writings of Gallatin*, i, 74.

<sup>3</sup> *American Museum*, v, 280.

<sup>4</sup> *Annals of Congress*, Third Congress, 655.

<sup>5</sup> *American Museum*, ii, 122.

1796 Mr. Williams said, in Congress, that direct taxation was "a positive kind of taxation, and such as could not be avoided"; while indirect taxes would be optional with the farmers.<sup>1</sup> In times of scarcity the latter are "paid at the option of the consumer." A few similar expressions may be found in other discussions in the early Congresses.<sup>2</sup>

The idea which is here selected as the basis for the classification of taxes was not new in America. It may have been suggested by the words of Hume and Montesquieu, to which reference was made early in this article. When Rhode Island refused consent to the federal impost scheme in 1782, Congress adopted a persuasive address in which it was represented<sup>3</sup> that a duty on imports "is paid insensibly, and seems to be voluntary." In various other writings a similar idea is advanced.<sup>4</sup>

But there is reason for doubting whether many persons would have contended seriously that indirect taxes were voluntary in any strict sense of the word. Whenever writers or speakers desired to advocate import or excise duties it was, doubtless, easy to argue that such imposts are voluntary. But this point was never conceded by the opponents of any tax. This can be tested in a most practical way.

In 1774, Myles Cooper tried to persuade the Americans to pay the tax on tea because it was a voluntary tax. He wrote:<sup>5</sup> "But you will say, it is wrong to tax us at all, *without our consent*. But the duty on tea, which has occasioned all our confusion, is not such a tax; for unless you consent to the tax you are not to pay the duty. You may refuse it, if you please, without incurring any penalty or considerable inconvenience." Many other Tories advanced similar arguments, but it is not recorded that the colonists assented to the proposition that the duty on tea was a voluntary tax. One of the replies<sup>6</sup> to such claims as

<sup>1</sup> Annals of Congress, Fourth Congress, 843.

<sup>2</sup> Annals of Congress, Third Congress, 1204, Fourth Congress, 1866, 1867.

<sup>3</sup> Elliot, *Debates*, i, 105.

<sup>4</sup> McMaster and Stone, *Pennsylvania and the Federal Constitution*, 328; Lodge, *Works of Hamilton*, ii, 40.

<sup>5</sup> *Friendly Address to all Reasonable Americans*, 10.

<sup>6</sup> Tyler, *Literary History of the American Revolution*, i, 396 (New York, 1897). See also *Works of John Adams*, iv, 89; *The Other Side to the Question*, 10 (New York, 1774).



were made by Cooper is worth quoting: "The same logic would demonstrate that a duty on beer, candles, or soap, would be no tax: as we are not absolutely obliged to drink beer—we may drink water: we may go to bed before it is dark; and we are not forced to wash our shirts."

It is interesting to notice the difficulties in which Franklin involved himself, while discussing this subject before the House of Commons.<sup>1</sup> Franklin tried to justify the distinction that he had made between external and internal taxes. He said that external taxes were voluntary, but internal were not. The stamp act, which was of course an internal tax, Franklin considered a compulsory affair, for it "says, we shall have no commerce, make no exchange of property with each other, neither purchase, nor grant, nor receive debts; we shall neither marry nor make our wills, unless we pay such and such sums." He was then asked whether "the external tax or duty to be laid on the necessaries of life imported into your colony" would not "be the same thing in its effects as an internal tax." Franklin adroitly dodged the question by replying: "I do not know a single article imported into the northern colonies, but what they can either do without or make themselves."

Alexander Hamilton, in 1787,<sup>2</sup> told the farmers that customs duties were paid by the "voluntary consumption" of the articles taxed. But when this very issue was presented in a most practical way, he expressed a different opinion concerning the effects of a proposed indirect tax.<sup>3</sup> In 1795, it was proposed in Congress to levy a tax upon transfers of United States stocks. The advocates of this plan urged that such a tax would be no violation of the contract made with creditors, as a tax upon the stocks themselves was admitted to be. They claimed that the tax was voluntary since it was "in the option of the creditor to avoid the tax, by avoiding the alienation." Hamilton replied that a duty on transfers differed from a tax on the stocks themselves merely "in the degree of violation" of the public faith. The interest or even the necessities of the public creditors might demand transfer of the stock.

<sup>1</sup> Bigelow, *Works of Franklin*, iii, 422-423.

<sup>2</sup> Lodge, *Works of Hamilton*, ii, 40.

<sup>3</sup> State Papers, Finance, i, 335.

There seems to be sufficient reason for concluding that this alleged voluntary character of indirect taxes was merely an easy substitute for clear thinking, or a convenient argument for use in certain cases. Such a definition can not be taken seriously. Americans did not consider the tea duties voluntary impositions, and did not think that they really consented to such taxation when they purchased tea. Franklin did not consider the stamp duties to be voluntary, and therefore unobjectionable; and there can be no doubt of what the colonists thought. Hamilton's excise duties upon spirits aroused a rebellion, in spite of the alleged belief in their voluntary nature. The fishermen of New England and the farmers of the interior were never persuaded that a tax upon imported salt was a voluntary affair. The fishermen need not catch fish, and the farmers might kill their cattle; but it would have been hard to persuade them that these were practicable alternatives to the payment of this "voluntary" tax.

(2) The second group of definitions was based upon the statement already quoted from Adam Smith. In 1794, Mr. Sedgwick presented in Congress an involved and somewhat obscure definition,<sup>1</sup> of which the substance seems to be that a direct tax reaches revenue immediately and directly, while an indirect tax is not imposed upon revenue in an immediate and direct manner. In the *Hylton* case, Justices Chase and Patterson expressed the belief that taxes on expense or consumption were indirect.<sup>2</sup> Patterson quoted the words of Adam Smith. Albert Gallatin formulated<sup>3</sup> this definition most clearly, basing it upon the familiar passage from the *Wealth of Nations*. Thus he concluded that taxes upon revenue were direct, and taxes upon expenditure or consumption were indirect.<sup>4</sup>

<sup>1</sup> *Annals of Congress*, Third Congress, 644.

<sup>2</sup> 3 Dallas, 175, 180.

<sup>3</sup> *Writings of Gallatin*, i, 74-76.

<sup>4</sup> In 1794, Fisher Ames discussed the carriage tax law. He said he believed the tax to be indirect since the "duty falls not on the possession but the use." *Annals of Congress*, Third Congress, 730. This would seem to indicate that direct taxes were considered by Ames to be taxes on possessions, and that indirect were taxes upon use or consumption. Such a classification is distinct from the one developed by Gallatin and others from the suggestions of Adam Smith. This was shown sufficiently in the article in the *Political Science Quarterly*, September, 1898. Inasmuch as Ames's idea was not developed into a formal definition, it does not need further discussion.

This definition was developed after the adoption of the constitution, when statesmen looked around for precise formulations of the distinction between direct and indirect taxes. It was open to serious objections, which have been more fully treated in a previous article.<sup>1</sup> Some of these were mentioned by Hamilton and Wilson. The former urged that tonnage duties on ships "are taxes upon property, not upon consumable articles."<sup>2</sup> He might have gone further and argued that most ships, like other forms of capital, are a source of income. If a tax on other products of capital is direct according to this definition, then tonnage duties certainly must be considered a form of direct taxation. Wilson urged that a tax upon houses must be considered, "in a scientific view," only "as a tax on expense."<sup>3</sup> So far as dwelling houses are concerned, this is certainly true. Wilson was right in arguing that greater immobility and permanency are the only qualities that distinguish them from other consumable commodities. If Gallatin's definition is to be taken strictly, taxes upon dwelling houses would certainly be indirect taxes upon consumption. If it be urged that many houses are sources of revenue to landlords, the answer may be made that house taxes may be collected from the occupier in all cases, and would fall upon the expenditure of the tenant in all such instances. This classification would have obliged Gallatin to classify taxes upon dwelling houses as indirect.

3. A third definition was based upon the assumed facts of the incidence of taxation. Taxes were considered direct when they could not be shifted, and indirect when their burden could be thrown onto other persons than those called upon to make the original payment. This distinction was based upon the same facts that had furnished the physiocrats with their criteria of direct and indirect taxes. It was used also by Sir James Steuart in his classification of taxes as proportional and cumulative.

St. George Tucker advanced such a definition some time before the decision of the Supreme Court in the *Hylton* case.<sup>4</sup> Tucker quoted Steuart's definition of proportional and cumulative taxes.

<sup>1</sup> *Political Science Quarterly*, September, 1898.

<sup>2</sup> Lodge, *Works of Hamilton*, vii, 330, 331.    <sup>3</sup> State Papers, Finance, i, 424.

<sup>4</sup> *Edition of Blackstone's Commentaries*, i, Part i, Appendix, 231-246.

He showed that a tax upon carriages would be indirect when collected from the carriage maker, who would add that amount to the price charged his customers; while a tax levied upon carriages in the possession of the persons who used them would be direct. It is interesting to notice that, when Tucker proceeds to mention the various important direct taxes, he specifies a poll tax, a land tax, and a tax on slaves. In Congress, the same explanation seems to have been advanced by Mr. Nicholas, in 1794, and, perhaps, by one other member also.<sup>1</sup> In 1792, a similar suggestion is found in one of the writings of Thomas Paine.<sup>2</sup>

Objections to this definition were soon presented, and the study of the writings of the period shows that innumerable difficulties would have prevented any exact classification of taxes upon such a basis. Hamilton, in his argument upon the carriage tax, urged that this definition could not be rigorously applied. He showed<sup>3</sup> that many indirect taxes, so-called, might be borne by the person who originally paid them; so that, according to this rule, the same tax might be direct in some cases and indirect in others. Justice Chase appreciated the force of this argument, and conceded<sup>4</sup> the point raised by Hamilton. In the course of all the discussions upon the subject, it was shown that at least two taxes, commonly supposed to be indirect, might be direct in their operation. Hamilton mentioned first the case of customs duties. These may be commonly shifted onto the consumer; but this is not universally true, for the importer, Hamilton argued, cannot always transfer the tax. Again, duties imposed upon goods imported by persons for their own use or consumption, such as books imported by a lawyer, are certainly borne by the people from whom they are first collected. Mr. Murray showed<sup>5</sup> that the excise upon spirits, levied by Congress in 1791, actually operated directly in many cases. Outside of cities and villages, this tax was assessed upon the stills, not upon the spirits produced. In such cases it was a tax upon property. Now since many

<sup>1</sup> *Annals of Congress*, Third Congress, i, 646, 653. Cf. *Annals of Congress*, Thirteenth Congress, 425.

<sup>2</sup> *Writings of Paine*, ii, 495. This article, however, was written in England.

<sup>3</sup> Lodge, *Works of Hamilton*, vii, 328-329.

<sup>4</sup> 3 Dallas, 174.

<sup>5</sup> *Annals of Congress*, Third Congress, 653.



farmers paid the duty on stills the product of which was not always sold, but was intended for home consumption, the excise would be in all such cases a direct tax.

More serious still would have been the difficulties arising from the incidence of many taxes supposed to be direct. The definition which we are now discussing could not be applied practically by Congress or the Supreme Court, without a general agreement concerning the theory of the incidence of taxes. Now what was the state of the economic theory upon this subject in 1789? Leaving physiocratic influence out of consideration, Adam Smith was the writer whose views exercised most influence. Smith held that taxes upon pure profits, that is, profits above the normal rate of interest on invested capital, were always shifted.<sup>1</sup> He believed that taxes upon the profits of particular trades would always be shifted onto consumers.<sup>2</sup> He thought that taxes on wages<sup>3</sup> "can have no other effect than to raise them somewhat higher than the tax," so that these taxes were regularly shifted. And finally he declared that capitation taxes, so far as they fall upon wages, must be shifted, in precisely the same manner as a tax assessed immediately upon wages.<sup>4</sup> The Supreme Court and other persons who studied the subject would have developed a very peculiar classification of taxes, if they had followed the most authoritative views concerning the shifting and incidence of taxation.

And Adam Smith's views were actually advanced by statesmen who were called upon to treat of this subject. Wolcott held<sup>5</sup> that "capitation taxes tend to increase the price of labor," that is, are shifted. In Congress, Mr. Lyman urged<sup>6</sup> that "a man called upon to pay a poll tax did not ultimately pay the tax," because a poor man, "who earned only just sufficient for his existence," could not bear public burdens. Now the constitution mentions a capitation or poll tax specifically as a direct tax. In the face of such prevailing views, how could taxes be classified

<sup>1</sup> *Wealth of Nations*, edited by J. E. T. Rogers, ii, 440-441, second edition (Oxford, 1880).

<sup>2</sup> *Wealth of Nations*, ii, 447.

<sup>3</sup> *Wealth of Nations*, ii, 460, 461.

<sup>4</sup> *Wealth of Nations*, ii, 466.

<sup>5</sup> State Papers, Finance, i, 438.

<sup>6</sup> *Annals of Congress*, Fourth Congress, 1905.

as direct and indirect upon the basis of the facts of incidence? Again, Wolcott believed that taxes upon stock in trade were,<sup>1</sup> at least partially, "reimbursed to the contributors," so that they acted as taxes on consumable commodities. In Congress, Mr. Dexter explained<sup>2</sup> that taxes upon stock employed in one branch of industry would in time be added to the price of the product, and would become indirect.

Another fact should be mentioned. Congress, in an address adopted in 1782, advanced the following theory<sup>3</sup> concerning the incidence of the land tax: "The farmer, if he pays a heavy land tax, must endeavor to get more for the products of his farm." In 1796, Mr. Lyman contended,<sup>4</sup> in the House of Representatives, that a direct tax on land was paid not by "the persons who cultivated the ground," but by "those who bought the produce of the land from the market," so that "the consumer paid the duty" in this instance as well as in the case of indirect taxes. It can not be ascertained how large a proportion of the statesmen of the time entertained such a theory of the incidence of taxes on land. But there has always been a tendency in this country, especially among the members of the legal profession, to accept the theory that all taxes are diffused throughout the community, and ultimately fall upon consumption, burdening every citizen in proportion to what he spends. In recent times, men like David A. Wells, Isaac Sherman, and Thomas M. Cooley can be quoted in support of such a proposition.<sup>5</sup> It is probable that "practical men" have always been inclined to favor this easy solution of so many troublesome problems. Of course, such a theory would make havoc of all attempts to classify taxes, upon the basis of their incidence, as direct and indirect.

It has sometimes been assumed that this classification leads to the same results as the one previously discussed. Thus, in 1794, Mr. Dexter<sup>6</sup> attempted to reconcile the definition advanced by Sedgwick, who followed the theory that taxes on consumption or expense were indirect, with that supported by Nicholas, who based

<sup>1</sup> State Papers, Finance, i, 439.

<sup>2</sup> Annals of Congress, Third Congress, 646.

<sup>3</sup> Elliot, *Debates*, i, 105.

<sup>4</sup> Annals of Congress, Fourth Congress, 1905.

<sup>5</sup> Seligman, *Shifting and Incidence of Taxation*, 48-49 (Baltimore, 1892).

<sup>6</sup> Annals of Congress, Third Congress, 646.

the character of the tax and its incidence. In every case, however, it is the effect on income of the taxes assumed that the character of the assessment is determined, or rather that it is practically determined. The two statements are not a serious contradiction. The two classes are not different groupings of persons, but rather different groupings of the same persons. The tax and its incidence, as well as the character of the assessment, are determined by the character of the persons to whom the tax is assessed. It was, indeed, this meaning of the tax and income, and not the form of the tax or the character of the persons to whom it was assessed, that the Framers meant. The Framers meant what is meant in the same sense today. In the opinion of the writer, persons who say that the Framers did not mean to say that the tax was for the benefit of the persons to whom it was assessed, but that it was for the benefit of the persons to whom it was assessed, are in error. The Framers did not mean to say that the tax was for the benefit of the persons to whom it was assessed, but that it was for the benefit of the persons to whom it was assessed. This is what the Framers meant.

It seems to me, however, that when the framers of the constitution were subsequently compelled to define direct and indirect taxes, they almost certainly regretted that the terms had no settled antecedent meaning. It is equally apparent that when different explanations were proposed when attempts were made to give these words a fixed meaning. The first of the explanations is based upon a false assumption that indirect taxes are generally, or even usually, voluntary in character. The second and third definitions can not be rigorously and consistently applied in establishing a conventional classification of taxes, and that led to different results in not a few instances. This was demonstrated by men of the time. Moreover, an examination of economic literature shows that political economists have never been able to come to an agreement concerning the meaning of these terms. It is not strange, therefore, that only unsatisfactory and inconsistent results were reached in the years immediately following the adoption of the constitution.

\* This is an interesting illustration of Hamilton's statement that the same ~~tax~~ might be direct for some persons and indirect for others.

Under such circumstances, the decision of the Supreme Court in the *Hylton* case<sup>1</sup> possesses the greatest interest. In the income tax cases, attempts were made to discredit the authority of the opinions expressed at that time. It was urged that the only point formally decided in 1796 was that the tax on carriages was a duty upon consumption, and consequently a form of indirect taxation. It was said that all other statements made by the justices in 1796 were mere *dicta*, which the Supreme Court in 1895 could well reject in view of the greater light that it enjoyed. It is conceded that, for strictly legal purposes, one must be careful to distinguish between the formal decision of the particular question at issue and the incidental remarks that may be thrown out by the judges. But the particular *dicta* referred to in this case concern mainly matters of simple historical fact, for the determination of which the Supreme Court in 1796 enjoyed exceptional facilities. Justices Ellsworth, Patterson, and Wilson had been members of the federal convention; while Chase and Iredell were certainly competent to form opinions concerning the intentions of the men who framed the constitution. It is submitted that even the *dicta* of a court that enjoyed such advantages, the deliberate judicial expressions of eminent men who were participants in the affairs of which they spoke, must constitute historical evidence of the highest value.

The first important fact to be noted in the *Hylton* case is that the judges frankly and honestly expressed serious doubt and uncertainty concerning the details of the classification of taxes contemplated by the constitution. Such an attitude accords entirely with the opinions expressed by nearly all the men who attempted to frame a formal definition for the direct and indirect taxes. Cocksurenness upon this particular question, in the light of all contemporaneous evidence, as well as the subsequent experience of political economists, would have been a sign of superficiality. The court was unanimous in holding the carriage tax to be a form of indirect taxation, because it might be considered as a duty upon consumption, and because the apportionment of such a tax by the constitutional rule would have led to the grossest absurdity and injustice. But, beyond this point, the justices were not so certain.

<sup>1</sup> 3 Dallas, 171.



Chase thought that land and poll taxes were the only direct taxes contemplated by the constitution. Patterson thought that a tax upon the general mass of property might be direct, but was not sure whether anything but land and capitation taxes should be so considered. He was certain that the two taxes last mentioned were the principal ones contemplated in the rule for apportionment. Iredell thought that perhaps land and poll taxes were the only forms of taxation that were considered to be direct. Modern critics of this decision, entertaining nineteenth century views of the distinction between direct and indirect taxes, have considered that the court acted arbitrarily when it inclined to the opinion that direct taxation was restricted to these two forms. But a study of all the evidence shows that the justices were stating the exact historical truth. Taxes upon polls and real estate were certainly the *principal* forms of direct taxation contemplated by all the statesmen of the period; while in very many cases, perhaps in a majority, these were the *only* forms of direct taxation that were thought of.

The final and most important feature of this case is that the court suggested a practicable basis for future definitions of direct taxes. All the judges agreed, that the "great object of the constitution was to give Congress a power to lay taxes adequate to the exigencies of the government"; that it was "obviously the intention of the framers of the constitution, that Congress should possess full power over every species of taxable property, except exports"; that "Congress possess the power of taxing all taxable objects, without limitation, with the particular exception of a duty on exports."<sup>1</sup> Holding this view of the meaning of the clause that grants to Congress the power to levy taxes, duties, imposts, and excises, the court evidently accepted Hamilton's argument<sup>2</sup> that: "In such a case no construction ought to prevail calculated to defeat the express and necessary authority of government. It would be contrary to reason, and to every rule of sound construction, to adopt a principle for regulating the exercise of a clear constitutional power which would defeat the exercise of the power." Therefore Chase declared: "The constitution evidently

<sup>1</sup> *Opinions of Chase, Patterson, and Iredell.* 3 Dallas, 173, 176, 181.

<sup>2</sup> Lodge, *Works of Hamilton*, vii, 329.

contemplated no taxes as direct, but only such as Congress could levy in proportion to the census. The rule of apportionment is to be adopted only in such cases where it can reasonably apply." And Iredell said: "As all direct taxes must be apportioned, it is evident that the constitution contemplated none as direct but such as could be apportioned."<sup>1</sup> The judges agreed that, when the objects taxed were distributed unequally throughout the States, the apportionment rule would cause the greatest injustice, and even prevent Congress from exercising the powers of taxation which the constitution expressly conferred. Therefore, they held the tax upon carriages to be indirect. For the same cause they thought it reasonable to limit the forms of direct taxation to poll and land taxes. Such taxes were more capable of apportionment without causing too manifest injustice. Even in such cases, however, Patterson said that the rule of apportionment was "radically wrong," that numbers did not "afford a just estimate or rule of wealth," and that the direct tax clause ought not to be extended in its application by the interpretation of the court.

In view of all the evidence, it is submitted that the Supreme Court in 1796 was accurate in its statements of fact, and thoroughly wise in its interpretation of the requirements of the constitution. Even if its refusal to construe the direct tax clause in such a manner as to defeat the plain intention of the constitution to confer upon Congress general powers of taxation can be proved to be bad law, it will certainly impress the layman as an exhibition of the highest good sense. But the Hylton decision should command more than a qualified approval. It surely accorded with the intention of the framers of the constitution in that it assured to Congress all needed powers of taxation. It certainly agreed with the plain historical fact that land and poll taxes were those branches of taxation which were most often contemplated as direct. Finally, in the utter absence of any accepted definition or classification to which the court could appeal, this decision established criteria of direct and indirect

<sup>1</sup> Those who consider this decision strange would do well to read similar opinions expressed in Congress two years earlier. *Annals of Congress*, Third Congress, 644, 645, 652, 653.

taxes which, for ninety-nine years, enabled later courts to avoid the mischief sure to be caused by an attempt to establish an economic definition of terms that political economists themselves have never been able to explain with any scientific precision, or with any agreement as to which one of eight or nine different opinions is entitled to general acceptance.

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## SOME INSULAR QUESTIONS.<sup>?</sup>

THE last three years have brought upon us a swarm of questions which have excited much controversy. They have been disputed as if entirely new, while important precedents bearing on them seem to have been overlooked.

Even the recent oracular deliverances of the Supreme Court have failed to settle most of these things, so that at this late date there still seems room for discussion.

Up to 1898 we had never extended our territory by force. Even after the Mexican war what we took was paid for, inadequate as the price may appear. We paid also for the Philippines, but for many of our best citizens there is reason for lasting regret in the departure from our former policy, by which Porto Rico was taken as spoils of war. This now rises up to plague us. This island, with its dense yet alien population, raises the question whether under our system of government it is possible to carry on colonies.

This possibility has been furiously denied by the little group of violent anti-imperialists, and their opponents have been so accustomed to finding the men making up this group to be theoretically right in the various points which they have raised from time to time, that they have failed to offer any answer to this denial, though in our history many things could be brought out in favor of colonization.

To many people it will probably come as a surprise that the United States did once for more than a quarter of a century, and after the promulgation of the Monroe Doctrine, maintain without European protest a colony in the Old World, and that at the expiration of that time the United States allowed that colony peaceably to withdraw from its protection, and set itself up as an independent state, the sovereignty of which the United States later acknowledged, a sovereignty which still exists. So far as I know, the right of our Government to maintain such a colony was no more questioned during this period than its right to turn it loose afterward, and it can be safely asserted that no



one ever expected to see this particular colony ever become a part of the United States, or one of the United States, because it was under the protection of the United States.

It has been asserted that Liberia never was a colony of the United States, but in point of fact it certainly bore as intimate a relation to the Government of the United States as Connecticut or Rhode Island or Pennsylvania to Great Britain prior to 1776. Its history is curious. Its first effective start was obtained when, after failure of the Commissioners of the American Colonization Society to secure, as individuals, a satisfactory site, a vessel of the United States Navy, the "Alligator," was sent over to aid in the negotiations, and a deed for the site was extorted by her commander at the muzzle of his pistol from a most unwilling vendor in the shape of an African chief, who did not desire the profitable slave trade to be interfered with. It is true that this action on the part of Captain Stockton was hardly reprehensible, for it was only done when this same chief ordered Stockton and his sole attendant put to instant death, but these very vigorous measures by an officer of the United States Navy made the starting point of the new colony.

It is true that in his message to Congress of December 17th, 1819, setting forth his intention to establish an agency to look after the Africans recaptured from slavers, Monroe announced his purpose not to exercise any power founded on the principle of colonization, and that his agents were instructed not to exercise any such power, nor to go on any "other principle than that of performing benevolent offices," and that "you are not to connect your agency with the views or plans of the Colonization Society, with which under the law the Government of the United States has no concern." This limitation, however, in practice did not amount to much, for almost, if not quite without exception, during the whole period of dependence of Liberia, the position of Government Agent was given to the individual chosen by the American Colonization Society to manage the affairs of the colony, and more than once this agent marched at the head of troops raised by him as Colonial Agent to destroy French or Spanish slave-trading stations in the Liberian territory.

Moreover the Government furnished the money for transporting the first colonists to Africa, and they were conveyed by

United States frigate "Cyane."<sup>1</sup> There is in the executive documents of the first session of the 28th Congress a long paper with reference to Liberia. From this it appears that the following instructions were given June 11th, 1822, to Capt. Spence of the "Cyane." "When you arrive on the coast of Africa, you will proceed for Cape Mesurado" (the same as Cape Montserado), "and visit the Colonial establishment near this place, and afford all the aid and support in your power to Dr. Eli Ayres, the Agent of this Government, and the colonists." And later these instructions were added to as follows: "By recent accounts received from Cape Messurado on the coast of Africa, it appears that the American settlement there has been attacked by the natives, and the safety of the people endangered. Their situation is therefore such as requires immediate relief and protection. I wish you to remain near them until you shall be relieved or receive further instructions from this department, and afford to the settlement and to the Agent of the Government all the aid and protection in your power"; and again April 8th, 1823, "For the greater security of the settlement made at Messurado, be pleased to station at that place, as long as you shall continue on the coast of Africa, or while the settlement is endangered by the natives, as many marines as can conveniently be spared from the United States ship 'Cyane' under your command." From these instructions it appears how strong a direct interest was had by the United States Government in this colony, although it always recognized the colony as being under the government of the American Colonization Society, a condition of things very similar to the government of the colony of Plymouth by the Plymouth Company. It was, however, the fact of this government by the society which eventually led to the independence of Liberia when it came. It is highly honorable, both to the society and to the United States Government, that, although the Vice-President of the society was Secretary of State of the United States (Daniel Webster), when trouble arose with Great Britain, which necessitated the independence of Liberia, there was no attempt to juggle with this double relation. December 22d,

<sup>1</sup> See *History of Liberia* by J. H. T. McPherson, Johns Hopkins University Studies, 9th series, No. X, Baltimore, 1891, convenient but inaccurate.

1842, R. R. Gurley, the Secretary of the American Colonization Society, wrote to Daniel Webster, stating that "the late Secretary of State for the colonies of Great Britain, Lord John Russell assured me of the disposition of Her Majesty's Ministers to consider with candor the claims of Liberia, provided the subject was brought to its notice through the channels of our Government."

Two weeks later, on January 5th, 1843, Webster wrote to Minister Everett to make representations to Lord Aberdeen on the subject, saying: "I suggest that an inquiry may be instituted into the facts alleged, and that measures may be adopted for the prevention, in future, of any infraction of the rights of these colonists, or any improper interference, on the part of Her Majesty's subjects on the coast of Africa with the interests of the colonial settlement of Liberia." A little later, March 24th, 1843, Webster again wrote to Everett a letter in which he says, "Without having passed any laws for their regulation, the American Government takes a deep interest in the welfare of the people of Liberia, and is disposed to extend to them a just degree of countenance and protection"; but as the outcome of a direct inquiry from the British Government whether Liberia was a colony of the United States, Everett wrote December 30th, 1843, to the Earl of Aberdeen, "The policy of the United States, in reference to extra continental possessions, has not allowed them, had it been otherwise expedient to extend that kind of protection to the Liberian settlement, to which colonies are entitled from the mother country by which they are established. It has, in consequence, been compelled to rely on its intrinsic right to the common protection of all civilized nations; and, thus far, for the most part, without being disappointed."

This whole correspondence grew out of a dispute over the Liberian customs regulations. The British Government finally refused to consider binding on its subjects the regulations on trade imposed by the existing government of Liberia; arguing that the American Colonization Society, composed of mere private individuals, possessed no political powers, and that levying of imposts was the prerogative only of sovereign power, and that this sovereign power had not been assumed (as it might have

been) by the United States. It was on account of this difficulty that in January, 1846, the American Colonization Society recommended the colony of Liberia to declare itself independent, and July 26th, 1847, Liberia adopted a declaration of independence and a new constitution, which was ratified in September, and on the first Monday of 1848, under this was inaugurated Joseph J. Roberts as first President of Liberia. The new Government was recognized almost at once by England, France, Prussia and Belgium; but the slavery question, which had formerly prevented the United States Government from claiming the sovereignty over Liberia, interfered again to prevent its recognition by the United States Government until 1862, when slavery ceased to be a political issue.

So far we have considered only our practice with reference to colonization. Let us see what have been the accepted theories on this subject prior to the recent excitement. So far as my information goes, the first utterances on this question were in the Virginia legislature in 1800. The question then came up of a colony for "persons obnoxious to the state or dangerous to the peace of society," meaning free negroes, and the Governor (Monroe) was requested to communicate with the President of the United States with reference to a suitable situation.

Monroe seems to have waited till after Jefferson was inaugurated, but he then brought the matter up. On November 24th, 1801, Jefferson answered Monroe's letters of June 15th and November 17th, saying that "questions would also arise whether the establishment of such a colony within our limits and to become part of our Union would be desirable to the State of Virginia itself, or to the other States—especially those who would be in its vicinity.

Could we procure lands beyond the limits of the U S to form a receptacle for these people?"

Apparently Jefferson considered colonization lawful and expedient, for he makes no question of it in this letter, and offers to sound foreign powers for a location; and in 1802 he tried to obtain a suitable situation near Sierra Leone, and failing there tried again in Brazil, but the Louisiana purchase then suggested the possibility of a suitable location in the newly acquired territory, and during the exploration of this it was lost sight of.



In connection with the Louisiana purchase, however, there comes up the following very interesting note by Gouverneur Morris, whose opinion on the U. S. Constitution is of special value, as he made the draft of it. In writing December 4th, 1803, to Henry W. Livingstone, he remarks, "I perceive now, that I mistook the drift of your inquiry, and which is substantially whether Congress can admit, as a new State, territory which did not belong to the United States when the Constitution was made. In my opinion they cannot.

I always thought, when we should acquire Canada and Louisiana it would be proper to govern them as provinces, and allow them no voice in our councils. In wording the 3d section of the 4th Article, I went as far as circumstances would permit to establish the exclusion." Although a Federalist, Morris was a supporter of the Louisiana purchase, which adds weight to his opinion. The position of the Federalists opposed to Jefferson at this time is shown by the following extract from a speech in the House by Roger Griswold of Connecticut. "A new territory and new subjects may undoubtedly be obtained by conquest and by purchase; but neither the conquest nor the purchase can incorporate them into the Union. They must remain in the condition of colonies and be governed accordingly."

An opinion by John Marshall will perhaps also be of interest. He says in the course of a letter, dated Richmond, December 14, 1831, to R. R. Gurley, Secretary of the American Colonization Society, "It is undoubtedly of great importance to retain the countenance and protection of the General Government. Some of our cruisers stationed on the coast of Africa would at the same time interrupt the slave trade—a horrid traffic detested by all good men, and would protect the vessels and commerce of the colony from pirates who infest those seas. The power of the Government to offer this aid is not, I believe, contested." The whole letter, from which this is an extract, will be found interesting.

In February, 1843, again the House Committee on Commerce reported on African colonization as follows: "The idea of an American colony is not a new one. It is manifestly worthy of the highest consideration. The committee see nothing in

our Constitution to forbid it. We have establishments of this nature, though somewhat anomalous in the character of their dependence upon our Government, in Indian tribes which have been placed beyond the limits of the States in the purchased territory of the Union. The African settlements would require much less exercise of political jurisdiction, much less territorial supervision than is presented in the case of these tribes. They would require aid towards the enlargement of territory, occasional visitation and protection by our naval armament, a guarantee, perhaps, to be secured to them by the influence of our Government, of the rights of neutrality in the wars that may arise between European or American States. They would stand in need of the highest commercial privileges in their intercourse with this, the mother country." It will be noticed that this was written only a few weeks after Webster's letter to Everett quoted above, and probably before an answer was received. This report was laid upon the table without action, together with a bill accompanying it, intended to make Liberia a government colony, which was the earnest desire of the Colonization Society. The condition herein described of a country dependent on the United States, but not necessarily governed either by the Constitution of the United States or by the United States revenue laws, makes a very close parallel with the present condition of things in Porto Rico, since the establishment of free trade with the United States.

One other deliverance on this question seems to be worth citing on account of its extreme generality. In the address of the Hon. James M. Wayne, of Georgia, at the 37th anniversary of the American Colonization Society, after quoting Thomas Jefferson to the effect "that nothing is more to be wished than that the United States would themselves make such an establishment on the coast of Africa," he adds "no one doubts the constitutional right of our National Government to colonize either a newly discovered country where such a discovery has been made by our own ships, commercial or military; or that it may purchase territory for the same purpose.

It may do so by a direct purchase and transfer, under the form of treaty. It may be done under the war power, by treaty,

in anticipation of what our national defences may suggest to be proper, or we may take territory as one of the incidents of successful war. It may do so under the power to regulate commerce."

In view of all this, and I have sought in vain though somewhat cursorily for contrary expressions of early date, it would seem as if the doctrine of the inability of the United States to carry on foreign colonies were of very recent growth.

Another very difficult question which stood before us has apparently been removed within the last few weeks by the acceptance of the Platt amendment by the Cuban Constitutional Convention. Although the Monroe Doctrine *per se* was doubtless not over palatable to European statesmen in general, it seems unquestionable that most of their recent discontent with it has had very reasonable foundation in that by our maintenance of this kind of a protectorate we have been maintaining virtual anarchy. The question of the advisability of setting up one more irresponsible republic, whose sovereignty we pledge ourselves to maintain, has thus seemed a dubious one, especially where its citizens have had no better preparation for self-government than centuries of endurance of Spanish tyranny.

There is little question but that there is more of both real freedom and security in British Guiana than in any of the so-called republics of Latin America; and that it was a real calamity to the inhabitants of Venezuelan Guyana that the British were restrained by the Monroe Doctrine from including under their flag all the territory south of the Orinoco river.

That the existence of one dominating power in the American hemisphere has prevented wars of conquest in South America, and thus saved Europe from territorial disputes, is unquestionable, but perhaps for America alone the suffering by war has hardly been less since the Monroe Doctrine was first announced, owing to the endless revolutions, where there is no respect for the rights of minorities, and to the frequent wars between neighbors. Our position has also been made very difficult more than once by the tendency of these irresponsible governments to give offence to European nations, trusting to us to protect them from retaliation.

Yet I for one should be very loath to see Cuban senators and

representatives at Washington, where, it is to be feared, their usefulness would be similar to that of the Hawaiian delegate to the Kansas City convention, who at the time was said to have cast the deciding vote in the committee on platform by which the democrats were driven to support free coinage of silver. A middle course, therefore, by which we are able to interfere to prevent national bankruptcy, and offence against foreign powers, maintaining a kind of police patrol, seems a step in the right direction, for in view of the experience of all other communities escaping from Spanish dominion, no one can place much faith in the capacity of this people to maintain its dignity. If the Monroe Doctrine is to endure, it may become necessary to add to it similar control over the foreign policies of all the Governments of Central and South America north of Chili and the Argentine. But for their utter loss of credit it would probably be necessary also to lay restraints on their making loans abroad, for in nothing has their bad faith been more evident than in their failure to fulfill their promises to pay.

But our most difficult questions seem likely to grow out of the Philippines. That many of the inhabitants of these islands are not more civilized than our Indians, is apparent. It is doubtful whether the best of them are better qualified for self-government than the various Spanish-American populations, and in this instance we have a special complication, as compared with Porto Rico, in the possessions of the friars, whose greed is apparently justly charged with being the main cause of the rising against Spanish rule, which has been maintained against our authority.

As President Schurman has said, this is properly a question of real estate, but in a moment of weakness our Commissioners at Paris allowed it to become a political question as well.

The clause in the treaty of Paris which is responsible for this complication was an attempt on the part of the Spanish Commissioners to commit us to the support of the friars in their long contest with the Filipinos, in which the Spanish power had been unable to sustain them. It reads as follows:

"And it is hereby declared that the relinquishment or cession, as the case may be, to which the preceding paragraph refers, cannot in any respect impair the property or rights which by law



belong to the peaceful possession of property of all kinds, of provinces, municipalities, public or private establishments, ecclesiastical or civic bodies, or any other associations having legal capacity to acquire and possess property in the aforesaid territories renounced or ceded, or of private individuals, of whatsoever nationality such individuals may be."

This clause, which only explicitly states rights which would implicitly have existed without such stipulation, forms the basis of all the complaints about establishment of the Roman Catholic religion, and of our upholding the friars as against the Filipinos. Let us examine this in detail. To begin with, it can be argued legitimately that this stipulation supersedes the ordinary principles of law which otherwise would have held, and that we therefore have here an enabling clause permitting us by special treaty to do those things which are not expressly stipulated against.

This clause especially stipulates that we must not impair rights which by law belong to the peaceful possession of property. It therefore seems that those rights, which were even then in process of dispute by force of arms, are especially excepted from what would otherwise have been a general implication, and so are liable to be set aside in any composition between ourselves and these same Filipinos. At the date at which the treaty took effect the insurgents were in control of all the Philippine Islands outside of the American lines surrounding Cavite and Manila, so that very little would fail to fall under the exception. It should be noted that this dispute was between the friars and the insurgents, and in no wise between them and the Roman Catholic Church, in the communion of which most of them remain even while actively engaged in fighting against the religious orders, who appear to them, as they appear to many, if not most, Roman Catholics in the United States, as at best useless drones.

It seems as if a very summary method of dealing with this problem were here at hand, but there is a consideration of a different kind which should not be overlooked. This is as to the kind of rights by which the property of the friars in the Philippine Islands is held. The various monastic orders holding property in dispute in the Philippines are alluded to in the treaty

as ecclesiastical bodies. Ecclesia is the name under which the Church of Christ has been known to itself since the earliest times. It is remarkable in the teaching of Christ that formulas almost never appear, but that His teaching was by instances from which principles could be developed. When, therefore, He said that "Man was not made for the Sabbath, but the Sabbath for man," he laid down a principle which must be accepted as fundamental, especially in regard to ecclesiastical bodies, and one of which a court of law should take cognizance, namely, that the fundamental law of every religious association is that it is to act for the benefit of the people among whom it exists.

The largest estates in these islands belonging to religious orders are held by the Augustines, an order of mendicant friars for whom the special rule of their order is poverty. The same rule holds for the Dominicans and the Franciscans, who also have large possessions there, and, as far as has yet appeared, for all the other orders represented in the Philippines. It therefore appears that the fundamental rule of their orders as well as the general principles of ecclesiastical institutions, that they exist for the benefit of mankind, and not mankind for them, forbids their holding property for their own benefit, and it naturally follows that the immense riches held by them are trust funds for the benefit of the Philippine islanders.

It is very interesting to see by the article on the formation of the Philippine people in the number of the *YALE REVIEW* for May, 1901, that Philip II picked out these religious orders to be sent to the Philippines to convert the natives, because, owing to their vows of poverty and obedience, he thought that they would show greater disinterestedness and zeal. It is even related of the Franciscans that in the early days in the Philippines they practiced strict poverty and invariably went barefoot.

The Philippine rising seems to have been originally an armed protest (no other being heeded by Spanish courts under ecclesiastical domination) against conversion by the friars of trust funds placed in their hands. It is, moreover, believed that much of this property has been obtained as death-bed gifts by threats of refusal of absolution and other processes which our courts would instantly qualify as undue influence, and that a

large proportion of the proceeds has not even been spent in the Philippines, but has been sent to Rome as "Peter's pence," to maintain there the splendor of the papal court. Any one who has seen the wealth of jewels and pageantry at a Roman religious festival will recognize one reason why of independent Roman Catholic countries hardly one in four is thoroughly solvent, and why those which are, have suppressed most of the monasteries existing in them.<sup>1</sup>

As under the treaty the question becomes one of the "property or rights which by law belong to the peaceful possession of property of all kinds, of provinces, municipalities, public or private establishments, ecclesiastical or civic bodies, or any associations having legal capacity to acquire and possess property in the aforesaid territories renounced or ceded, or of private individuals of whatsoever nationality such individuals may be," let us see what is the law covering ecclesiastical bodies.

Some eleven years ago the Supreme Court of the United States finally decided the case of *Romney versus the United States*. This case arose out of misuse of funds and powers by an ecclesiastical organization which came into our jurisdiction, from under what was virtually Spanish law, by the cession of territory to us after the war with Mexico; so that it has some curious points of correspondence with the present case. It should likewise be noted that the case was one which involved no questions of religious belief or creed, but that it grew out of the misdeeds of an ecclesiastical corporation which had showed itself at least as soulless as the most grasping trust.

As this decision bears also on the question of government of acquired territory, and as many points, which by virtue of this decision became law, are entirely unfamiliar to most laymen and even to many lawyers, perhaps it may be well to quote in full the carefully prepared syllabus of it, drawn up under the eye of one of the judges who concurred in the decision, and published in Vol. 136, United States Reports. It is as follows:

<sup>1</sup> Solvent—Belgium, Bolivia, Chili, France and Mexico; in a dubious condition—Austria, Italy and Spain; having committed evident acts of insolvency in the last decade—The Argentine Republic, Brazil, United States of Columbia, Costa Rica, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Peru, Salvador, San Domingo, Uruguay and Venezuela.



*"Syllabus of Romney vs. United States."*

The Church of Jesus Christ of Latter Day Saints was incorporated February, 1851, by an act of assembly of the so-called State of Deseret, which was afterwards confirmed by act of the territorial legislature of Utah, the corporation being a religious one, and its property and funds held for the religious and charitable objects of the society, a prominent object being the promotion and practice of polygamy, which was prohibited by the laws of the United States. Congress in 1887 passed an act repealing the act of incorporation, and abrogating the charter; and directing legal proceedings for seizing its property and winding up its affairs: held that

(1) The power of Congress over the territories is general and plenary, arising from the right to acquire them, which right arises from the power of the government to declare war and make treaties of peace, and also, in part, arising from the power to make all needful rules and regulations respecting the territory or other property of the United States;

(2) This plenary power extends to the legislatures of the Territories, and is usually expressed in the organic act of each by an express reservation of the right to disapprove and annul the acts of the legislature thereof;

(3) Congress had the power to repeal the act of incorporation of the Church of Jesus Christ of Latter Day Saints, not only by virtue of its general power over the Territories, but by virtue of an express reservation in the organic act of the Territory of Utah of the power to disapprove and annul acts of the legislature;

(4) The act of incorporation being repealed, and the corporation dissolved, its property, in the absence of any other lawful owner, devolved to the United States, subject to be disposed of according to the principles applicable to property devoted to religious and charitable uses; the real estate, however, being also subject to a certain condition of forfeiture and escheat contained in the act of 1862;

(5) The general system of common law and equity, except as modified by legislation, prevails in the Territory of Utah, including therein the law of charitable uses;



(6) By the law of charitable uses, when the particular use designated is unlawful and contrary to public policy, the charity property is subject to be applied and directed to lawful objects most nearly corresponding to its original destination, and will not be returned to its donors, or their heirs or representatives, especially when it is impossible to identify them;

(7) The Court of Chancery, in the exercise of its ordinary powers over trusts and charities, may appoint new trustees on the failure or discharge of former trustees; and may compel the application of charity funds to their appointed uses, if lawful; and by authority of the sovereign power of the state, if not by its own inherent power, may reform the uses when illegal or against public policy by directing the property to be applied to legal uses, conformable, as near as practicable, to those originally declared;

(8) In this country the legislature has the power of *parens patriae* in reference to infants, idiots, lunatics, charities, etc., which in England is exercised by the crown; and may invest the court of chancery with all the powers necessary to the proper superintendence and direction of any gift to charitable uses;

(9) Congress, as the supreme legislature of Utah, had full power and authority to direct the winding up of the affairs of the Church of Jesus Christ of Latter-Day Saints as a defunct corporation, with a view to the due appropriation of its property to legitimate religious and charitable uses conformable, as near as practicable to those to which it was originally dedicated. This power is distinct from that which may arise from the forfeiture and escheat of the property under the act of 1862;

(10) The pretence of religious belief cannot deprive Congress of the power to prohibit polygamy and all other open offences against the enlightened sentiment of mankind."

The far-reaching character of this decision becomes the more evident when we consider that the practice of polygamy was only made an offence against the laws of the United States in 1862, years after the charter of this Church had been confirmed by the territorial legislature of Utah, and that this charter was not repealed till twenty-five years after the law prohibiting polygamy, which was not mentioned as an object of the society in the charter, though there is a veiled allusion to it. Moreover, the

property of this corporation, as shown by the defence, did not even stand in its own name, but was taken by the United States authorities out of the hands of trustees to whom it had been transferred in anticipation of hostile moves. It was even argued by the defence that it never had acquired property in its own name.

The last five heads of the syllabus particularly interest us with their doctrine concerning religious and charitable funds. The statement under the sixth head, showing that funds may be diverted to cognate uses where the particular use designated for such funds "is unlawful and contrary to public policy," is immensely strengthened by the statement under the seventh head that the courts may appoint new trustees where old ones have been unfaithful, and may compel the application of funds to their uses if lawful, and "may reform the uses when illegal *or* against public policy." There is very little question that maintenance of monastic establishments is much against our present public policy, which is to pacify the Filipinos, so that by our law a plain path seems open for the use of this great endowment for schools (as was suggested by the Supreme Court for the funds of the Mormon Church), asylums and hospitals in the Philippine Islands. Separate provision was made under the Spanish rule for the maintenance of public worship, so that the Roman Catholic Church as such has no valid claim on these funds, and it is again contrary to our public policy to have any connection with religious affairs except as morals are concerned, so that they cannot be used for any sectarian purposes. Unquestionably some provision ought to be made out of them for such monks as have become incapacitated for earning their living and desire to continue a monastic life, but no new novices ought to be admitted to take the places of those who die. Such provision was made when Henry VIII abolished the monasteries in England, and the cry of spoliation which arose from his action had little justification. Study of the grants of abbey lands shows that they were generally so encumbered with pensions to former inmates of the convents as to have yielded scarcely any net revenue to the nominal owners for many years.

Similar arrangements were also made when the Swiss convents were suppressed between 1840 and 1848.

Another strong point comes out under the tenth head, namely, that "the pretence of religious belief cannot deprive Congress of the power to prohibit polygamy and all other open offences against the enlightened sentiment of mankind."

It would be easy to show by the action of the most enlightened countries that the monastic orders are such an offence, though one which has been frequently tolerated, but still one which has been put down more than once in nearly all Roman Catholic countries.

In 1538 a committee of cardinals appointed by Pope Paul III to look into the troubles which had just brought on the Reformation, reported as follows:

"Another abuse which needs correction is in the religious orders, because they have deteriorated to such an extent that they are a grave scandal to seculars, and do the greatest harm by their example. We are of opinion that they should all be abolished, not so as to injure anyone, but by forbidding them to receive novices; for in this wise they can be quickly done away with without wrong to any one."

The Pope was not bold enough to follow this advice, but in 1780 Joseph II dissolved the mendicant orders in Austria, and suppressed the greater number of convents throughout his dominions.

All the convents in France were suppressed between 1790 and 1792; little Portugal dissolved about five hundred in 1834, and early in the next year Spain dissolved about nine hundred, while a second law of the same year abolished the rest. It seems a fair question whether those in the Philippines have not been existing merely by tolerance since that date. Between 1840 and 1848 they were almost exterminated in Switzerland, and the restoration of old convents and the founding of new ones were forever forbidden by the new constitution adopted in Switzerland in 1848.

Finally in Sardinia the convents were suppressed in 1866, and their funds confiscated by law; and in 1873, shortly after the complete unification of Italy, this action was extended to the whole kingdom, resulting in the closing of a total of 2,255 such institutions. The mixed feelings with which such action was

regarded, even by the head of the Church, was well expressed in the remark concerning it by Pope Pius IX to an English Roman Catholic bishop, "It was the devil's work; but the good God will turn it into a blessing, since their destruction was the only reform possible to them."

They were abolished early in the XIXth century in Mexico, and by sundry other Latin American countries. It is a curious fact that to-day their strongest hold is in Protestant countries.

In the opinion by Justice Bradley, which is summed up in the syllabus given above, there are a number of points worthy of being quoted in detail. He says for instance on page 48, "It is a matter of public notoriety that the religious and charitable uses intended to be subserved and promoted are the inculcation and spread of the doctrines and usages of the Mormon Church—a crime against the laws and abhorrent to the sentiments and feelings of the civilized world—it is contrary to the spirit of Christianity, and of the civilization which Christianity has produced in the western world. The question, therefore, is, whether the promotion of such a nefarious system and practice, so repugnant to our laws and to the principles of our civilization, is to be allowed to continue by sanction of the government itself."

The enforcement of celibacy is to be sure not so immediately dangerous to the welfare of the community as that of polygamy, but the maintenance in idleness of large numbers of men under such rules as those of the monastic orders, as we have seen above, has been regarded by almost every Roman Catholic government in Europe as so dangerous as to make their suppression advisable, so that we can hardly be criticised if, following the precedent set by Spain itself, we treat these organizations as repugnant to our laws and to the principles of our civilization.

In speaking of the possessions of the Mormon Church, Judge Bradley goes on to say, "The property in question has been dedicated to public and charitable uses. It matters not whether it is the product of private contributions, made during the course of half a century, or of taxes imposed upon the people, or, etc., . . . the principles of the law of charities are not confined to a particular people or nation, but prevail in all civilized countries pervaded by the spirit of Christianity. They are found imbedded in the



civil law of Rome, in the laws of European nations, and especially in the laws of that nation from which our institutions are derived. A leading and prominent principle prevailing in them all is, that property devoted to a charitable and worthy object, promotive of the public good, shall be applied to the purposes of its dedication, and protected from spoliation and from diversion to other objects. Though devoted to a particular use, it is considered as given to the public, and is, therefore, taken under the guardianship of the law. If it cannot be applied to the particular use for which it was intended, either because the objects to be subserved have failed, or because they have become unlawful and repugnant to the public policy of the state, it will be applied to some object of kindred character, so as to fulfil in substance, if not in manner and form, the purpose of its consecration." The words of the opinion just cited, "because the objects to be subserved have failed, or *because they have become unlawful and repugnant to the public policy of the state,*" show how great a control is exercised by the courts over such funds, since their destination may be altered not only because their object was originally repugnant to our policy, but also if, in consequence of some future change in our policy, this object should become repugnant to its principles. In support of this opinion Judge Bradley cites not only Lord Chief Justice Wilmot of England as to the "distinction made between superstitious uses and mistaken charitable uses. By mistaken I mean such as are repugnant to that sound constitutional policy which controls the interest, wills and wishes of individuals when they clash with the interest and safety of the whole community . . . . But where property is given to mistaken charitable uses, these courts distinguish between the charity and the use . . . . varying the use."

The court quotes also Domat, the French jurist, as saying, "If a pious legacy were destined to some use which could not have its effect, as if a testator had left a legacy for building a church for a parish, or an apartment in an hospital, and it happened, either that before his death the said church, or the said apartment, had been built out of some other fund, or that it was no-ways necessary or useful, the legacy would not for all that remain without any use; but it would be laid out on other works of

piety for that parish, or for that hospital, according to the directions that should be given in this matter by the persons to whom this function should belong." This quotation of foreign law, which by its incorporation in this important decision obtains the force of law in our country, seems to have a most important bearing.

Probably few would be found, even among enlightened Roman Catholics, to maintain that in view of the pronounced prejudice against them in the Philippine Islands, the monasteries there were either necessary or useful. This quotation is also important as showing that these funds, thus placed in the hands of the monastic orders, do not properly become the property of the orders at large, so that, in case of suppression of the monasteries, the funds should not be withdrawn by the generals of these orders for use either at Rome, or in other parts of the world, but should be used for other public uses in the Philippine Islands themselves.

The opinion goes on to state as follows: "By the Spanish law, whatever was given to the service of God became incapable of private ownership, being held by the clergy as guardians or trustees; and any part not required for their own support was devoted to works of piety, such as feeding and clothing the poor, supporting orphans, marrying poor virgins, redeeming captives and the like." From this it plainly appears that, even by Spanish law, in case the orders are forbidden to introduce new novices, as was suggested by the committee of cardinals to Pope Paul III, all the funds which would thus be no longer necessary for the support of the monks, would become available for such public purposes as the Government should see fit to apply them to, and this law also, by incorporation in this decision, has become binding on our courts. Moreover, it certainly lies within the province of the civil power to prevent the perpetuation of orders of mendicants of any kind in the same manner in which it is at liberty to suppress mendicants of any character. It seems, therefore, as if the sole question of real difficulty in this matter lay in the property obtained by the orders through undue influence. By the Spanish law just quoted it is plain that the intent was to enable the clergy to maintain their hold on their gains, no matter how ill-gotten, but it is also evident that our courts

would distinguish in a very different manner from the Spanish courts, with reference to what had actually become the property of the Roman Catholic orders, and what was merely unjustly in their possession. In this decision, with reference to the property of the Mormon Church, the court made separate rulings on the personal property and on the real estate. It made no question that the personal property, being indistinguishable from other personal property, should be forfeit to the United States, but with reference to real estate it made an important distinction, considering the lands forfeit, but that they became forfeit to the United States because the United States was the original grantor.

It seems then as if a way were open for individual Filipinos from whose ancestors, direct or collateral, gifts of lands had been extorted by undue influence, to recover these by action in the courts. Moreover, it seems very improbable that there would be any complaint by outside parties in case the United States should extend great facilities to all claiming as representatives of those having made gifts to the monastic orders under duress, temporal or spiritual. Probably nothing would go further toward immediate pacification of the entire Filipino people than the idea that by immediate submission they would stand a chance of recovering rights from which they feel themselves defrauded. rights which would be forfeited, if not presented before our courts prior to a given date.

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Peacedale, R. I.

## CLARK'S THE DISTRIBUTION OF WEALTH.<sup>1</sup>

THIS work fully meets the high expectations that were formed concerning it. Its merit and importance were clearly foreshadowed by the author's brilliant series of articles and monographs in which the different parts of his theory of distribution were, from time to time, formulated and given to the public. To one, therefore, who has kept in touch with Professor Clark's contributions to economic literature, during the past twenty years, there is nothing new or startling in this volume. However, in bringing into an orderly arrangement and extensively supplementing widely scattered and partial statements of his theories, the author has performed a service for which the student of economics can but be profoundly grateful.

For this notable book, as, in fact, for a large part of recent theory, we are indebted to socialism. It may be of interest to note that it was the claim advanced by Mr. Henry George that wages are fixed by the product which a man can create by tilling rentless land that first led the author "to seek a method by which the product of labor everywhere may be disentangled from the product of coöperating agents and separately identified."<sup>2</sup> The author's general aim is avowedly to show the fallacy of the indictment that "society is inherently dishonest," that "workmen are regularly robbed of what they produce,"<sup>3</sup> that "this is done within the forms of law and by the natural working of competition"<sup>3</sup>—a charge, which, if it were proved, would make "every right-minded man a socialist."<sup>3</sup> In his preface he says: "It is the purpose of this work to show that the distribution of the income of society is controlled by a natural law, and that this law, if it worked without friction, would give to every agent of production the amount of wealth which that agent creates." The successful accomplishment of this task would leave the author without a peer as an economist.

<sup>1</sup> *The Distribution of Wealth. A Theory of Wages, Interest and Profits.* By John Bates Clark, Professor of Political Economy in Columbia University. London and New York, The Macmillan Company, 1899—455 pages.

<sup>2</sup> Preface, p. viii.

<sup>3</sup> Page 4.



Professor Clark's book is, and professes to be, "uncompromisingly theoretical." It deals not with the changing world of reality, but with an imaginary static society—a perfectly organized society, in which, under the influence of a perfectly unobstructed competition, the same kinds of goods are produced by the same processes, by the same kinds of tools and out of the same kinds of materials, to the end of the time. The reader is reminded that this static society is "the theoretical world that figures in Ricardo's studies,"<sup>1</sup> in which "natural" or normal standards are realized and that "the terms natural, normal and static are synonymous."<sup>1</sup> The author "tries completely to isolate the static forces that act in distribution from the dynamic forces."<sup>2</sup> His chief claim to distinction, so far as method is concerned, consists in drawing the line more sharply, than his predecessors of the classical school had done, between a static society and a dynamic state. "Static forces set the standards and dynamic forces produce the variations."<sup>3</sup> "Static study explains the laws of industrial life, exclusive of the laws of industrial growth."<sup>4</sup> Static forces not only operate in the actual world of change, but are even the dominant forces in it. They keep values fluctuating about natural standards, and actual wages and interest comparatively near to the natural rates. This book presents the "natural" or static standards of wages, interest and profits—a pure theory of natural wages, interest and profits. It is the author's opinion that a knowledge of static law, in economics, is as indispensable to a knowledge of dynamic law as is a knowledge of the forces of rest to an understanding of those of movement in mechanics.

Professor Clark's theory of distribution is based upon the principle of "final productivity," but the application of the principle and the resulting law of distribution are the author's own distinctive contribution to economic science. Whether his law of distribution should ultimately meet with general acceptance or not, his brilliant analyses will unquestionably secure for his book a permanent place in economic literature.

Perhaps the most fruitful and significant of all the author's analyses is that in which he draws the distinction between

<sup>1</sup> Page 29.<sup>2</sup> Preface, vi.<sup>3</sup> Page 32.<sup>4</sup> Preface, page xv.

"capital" and "capital-goods," and between "labor force" and the "concrete laborers." The distinction is simple; yet the attainment of a general law of economic interest and a general law of economic wages is impossible without it. If the author had made no other contribution to economic literature, this alone would entitle him to permanent recognition.

"Capital-goods" are described as the concrete instruments of production. They are the tools, machines, buildings, seeds, merchants' stocks, land and other aids to production. With the exception of land, "capital-goods" perish with the using. In the author's words, "they not only *may* go to destruction, but *must* be destroyed, if industry is to be successful."<sup>1</sup> Each concrete "capital-good" has its career, that may be described like that of an individual. It comes into existence, does its work in furthering production and passes out of existence. The "perishability" of "*capital-goods*" as compared with the "permanence" of *capital* is emphasized as the point of sharpest contrast between them. Capital is characterized as a permanent fund of value expressible in terms of money. We may think of it, as the business man does, as an abiding fund, "invested in material things which are perpetually shifting."<sup>2</sup> It "lives, as it were, by transmigration, taking itself out of one set of forms, and putting itself into another, again and again."<sup>3</sup>

"It is a striking fact," says Professor Clark, "that labor also is a permanent fund—a fund of human energy that never ceases to exist and to act. Men are as perishable as "capital-goods," but labor is as permanent as is capital. . . . Men come and men go, but work continues forever."<sup>4</sup>

It is unfortunate, from the point of view of sound analysis, that Professor Clark did not prepare the way for his distinction between "capital" and "capital-goods" by drawing the distinction between the broader and more fundamental conceptions of *wealth*<sup>5</sup> and *economic goods* (wealth-goods). Such a distinction should be made in the interest of sound theory. The use

<sup>1</sup> Page 117.

<sup>2</sup> Page 119.

<sup>3</sup> Page 120.

<sup>4</sup> Pages 157 and 158.

<sup>5</sup> For a fuller analysis of the *Wealth* concept with critique on Professor Clark's use of the term, see *Annals of the American Academy of Political and Social Science*, vol. i, pp. 615-634, also *Quarterly Journal of Economics*, vol. xv, pp. 218-253.

of a single term to express two important conceptions leads, at best, to confusion. Professor Clark has clearly pointed this out in the case of capital. But in the use of the term, *wealth*, he has fallen into the very error, which his brilliant analysis has warned us to avoid in the use of the term, capital. This is especially to be regretted, as the term wealth appears in the title of his book, and is defined in a foot-note, on the first page of the text, as "those sources of human welfare which are material, transferable and limited in quantity." Such concrete things are, rather, the embodiment of wealth, but are not themselves wealth. They should preferably be called *wealth-goods*, or, better still, *economic goods*. [The term *wealth* should be used to express the quantum of social value invested in economic goods.] Wealth is, so to speak, the content, and is always expressible in terms of money. A has wealth, not because he owns lands, buildings and implements. He may own such things and, yet, have no wealth, as the quantum of social value invested in them may belong to some other person. A has wealth, rather, because he owns a quantum of social value. He may, or may not, be the owner of the specific concrete goods, which embody his wealth. The conceptions of *wealth* and *wealth-goods* are parallel with those of "*capital*" and "*capital-goods*," but are broader and more fundamental than the latter. To illustrate: a person's wealth consists of the quantum of social value, expressible in terms of money, which belongs to him, it being a matter of indifference who may own the economic goods containing it; while, on the other hand, a person's capital is only that portion of his wealth which is devoted to further production. Again, economic goods (*wealth-goods*) comprise all those material, useful and appropriable things which are limited in quantity and, in general, cannot be obtained, in the quantity desired, without labor or sacrifice; while "*capital goods*," on the other hand, comprise only those economic goods, which are devoted to further production. Throughout Professor Clark's book, the application of the term *wealth* shifts from the one conception to the other. The author ignores his own definition and makes the term do double duty. He uses it to signify, now, a quantum of social value, expressible in terms of money, and, later, concrete

material goods, transferable and limited in quantity—economic goods.

Professor Clark rightly conceives of production and distribution as parallel processes mutually determining each other, and seeks the law of distribution in the conditions of production. According to him, the theory of social production embraces the whole field of economics, except consumption, and the study of distribution is the study of specific production. The application of the principle of final productivity to the study of distribution is made possible by the author's distinction between capital and capital-goods and between labor force and the concrete laborers. He affirms the general applicability of the law of diminishing returns and the Ricardian rent formula.

Thus equipped, he applies himself to the demonstration of his main proposition that, in a static society, labor and capital receive as their rewards what they specifically produce, and that the total product of industry is divided between them. Competition is the levelling force, which tends to eliminate profits and bring wages and interest to uniform rates. A uniform rate of wages exists when workmen are rewarded in proportion to the amount of labor force respectively put forth; when the only difference between the reward of one workman and that of another is traceable to the difference in the amount of labor force actually put forth.

Henry George's application of the principle of final productivity to the determination of wages the author rightly condemns on the ground that it implies the exploitation of all laborers except those working on free land. He further points out, as a vital defect in Henry George's theory, the apparent assumption that the marginal field for labor is purely an agricultural one. He shows clearly that it is much wider, that "it may be traced throughout the industrial system." It is made to embrace all no-rent labor opportunities, wherever found. These opportunities are, largely, found at the intensive margin of production of every industry. There is a "a line that it does not pay to pass in adding to the number of workers, who are utilizing the really productive appliances of industry."<sup>1</sup> This is the no-

<sup>1</sup> Page 100.



✓ rent line or the intensive margin of production. Here is a field in which the laborer receives just what he produces for his employer. This field of marginal opportunities for labor the author has aptly called the "zone of indifference." The workmen in this field are virtually "rent-free" and "interest-free." "Within this limit men may go or come without affecting the employers' pockets."<sup>1</sup> In so far as equal units of labor force are interchangeable, the "effective importance" to the employer of any one of these units is "measured by the absolute importance of the one that does the least necessary work." When a workman leaves his employment, and thus withdraws his labor force from a superior opportunity, the latter does not remain vacant. The ranks are closed up and the opportunity, finally abandoned, is one of the marginal kind. "In so far as men can be freely substituted for each other, any man in a series of men is actually worth to his employer only as much as the last man in the series produces."<sup>2</sup> "There is a series of opportunities for labor, each of which is poorer than the preceding ones, and the last is the poorest of all."<sup>3</sup> The author finds that "all wages are naturally gauged by the "effective," rather than the "absolute," productivity of the men who get them."<sup>4</sup> The conclusion is reached that "wages tend to equal the product of marginal labor; and that part of the working force, which occupies a zone of indifference is thus marginal."<sup>5</sup> That the final productivity of labor determines the rate of wages may be stated as a general law.

With a conception of a general social "zone of indifference" comprising all of the marginal opportunities for labor, the question naturally arises: "admitting that the last unit of labor gets its product, do the earlier ones get their full product?" Even with this broad view of the marginal field for labor, is there no an exploitation of all the labor not employed in the margin = zone? Professor Clark expressly states that the exploitation < nearly all labor by the action of competitive law is a natur = inference from the law of final productivity, when it is le = incomplete. This apparent defect of the law he claims to ha = removed by a more complete analysis. He points out in = extended note the resemblances and differences between v =

<sup>1</sup> Page 102.<sup>2</sup> Page 105.<sup>3</sup> Page 110.<sup>4</sup> Page 105.<sup>5</sup> Page 106.

Thünen's theory of wages and interest and his own. While he admits that, up to a certain point, the two theories may be stated in identical terms, yet he believes there is a radical difference between them. Its incompleteness is to him the vital defect of von Thünen's theory. The author's thesis: "that the pay of all labor tends, under the influence of free competition, to equal the product of all labor and that interest on all capital tends to conform to the product of all capital," is not only, in his opinion, not revealed by von Thünen's theory, but is apparently contradicted by it. To him "von Thünen's theory of wages is apparently a theory of the exploitation of labor." He compares himself to the prospector in a mining country who independently discovers and re-occupies an abandoned claim; but he claims to have done more than this, he claims to have gone further and to have discovered "laws that tend to bring the products of different units of labor, at any one time, to an equality, to bring the products of capital to an equality, and to make wages equal to the entire product of labor and interest equal to the whole product of capital." "This," he believes, "is attaining the essential truth in the theory of wages and interest; since it establishes the fact that natural law, so far as it has its way, excludes all spoliation." He shows, by his theory of economic causation, that the extra product which an overplus of capital insures to the men who are made to come early in the series is traceable to capital. If the supply of labor is assumed to have attained its static proportions, and then the supply of capital should be increased, there will result, not a quantitative increase in the instruments of production, but a complete qualitative transformation of these instruments. On the other hand, "if the number of units of labor that are employed with a fixed amount of capital is increased, each one of the earlier units must surrender a part of the capital by which it has been aided and the decrease of its product reveals the qualitative decline in the instruments employed."

Attention has already been called to the fact that Professor Clark accords great prominence and general applicability, in his theory, to the law of diminishing returns and the rent formula. He shows that distribution, in a static society, may be regarded

as a division of the net product of industry into four rent funds. Ground rent he regards as the type of all the rest. Wages and interest, though they are determined by the law of final productivity, are capable of being measured exactly as ground rent is measured. From one point of view interest is the specific product of capital and wages a differential gain or surplus (rent); from another, wages are the specific product of labor and interest is a differential gain or surplus (rent). He regards interest and wages as the two generic rents. He further distinguishes the rent of particular capital goods and that of particular laborers. The rent of a good instrument of any kind is measured "by comparing its product with that of an instrument at the point of abandonment." In this way the differential (rent) character of the product is revealed. The rent is always the net product minus nothing, as the poorest instrument produces nothing. This is equivalent to saying that the rent of any instrument is its net product. The existence of no-rent labor makes it possible to apply the rent formula to every concrete agent of production. Men, land and capital goods of other kinds produce something that can be measured by this formula.

The author's analysis is clear; but it results in a strange use of familiar terms to which it is difficult to become reconciled. We are told that "rent and interest describe the same income in two different ways"; that "rent is the aggregate of the lump sums earned by capital goods, while interest is the fraction of itself that is earned by the permanent fund of capital"; that "total interest equals total rent"; that "net rent is nothing more than interest regarded from another point of view."<sup>1</sup> All these are but messages from a purely imaginary world. They can be appreciated only by him who can picture to himself such an imaginary society. Let the reader lose sight, for a moment of the author's assumption of a static state, to which he so rigidly adheres, and confusion results. While Professor Clark convinces us that no distinction should be made, in a static society, between land and other instruments of production, yet we are confident that he would not have us believe that special significance does not attach to land in the actual world of change.

<sup>1</sup> Page 336.

from the fact that it is a gift of nature and limited in quantity, while the artificial instruments are products of industry and for that reason capable of indefinite multiplication.

Rent and interest may be different names for the same income in an imaginary static society; but in the world of reality ground rent and the rent of artificial instruments are not simply parts of interest. They are all distinct products. The landlord gets the rent resulting from superior natural opportunities, the entrepreneur gets in the form of profit the rent of superior artificial opportunities. There is a distinct zone of indifference for labor and another for capital. The capitalist gets the product of capital in the marginal zone for capital and the laborer gets the product of labor in the marginal zone for labor.

Within the limited space available for this article, it is impossible to convey an adequate impression of the originality, brilliancy and completeness of the author's analyses. Nothing short of the most careful reading of the book itself can do that. The chief merit of the book consists, perhaps, in the fact that it carries to its logical conclusion the application of the law of final productivity, coördinating the factors of production and distribution by means of the law of diminishing returns and the rent formula. It is an epoch-making book, and stands as the highest achievement of American economic thought. Will the author's analysis prove adequate for dealing with the problems of a dynamic society? The promised volume, which will deal with the distinctively dynamic laws, will be awaited with eager interest.

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## THE MEASUREMENT OF UNEMPLOYMENT: A STATISTICAL STUDY.

### I.

THERE is no class of social data more earnestly desired by economists and those interested in public affairs than material by which to measure the ebb and flow of industrial prosperity, and the comparative conditions of comfort of the working classes. Attempts have been made to use various classes of information for this purpose, the most important of which are statistics of production, wages and unemployment. There are various reasons why material of the first two classes serves the purpose in but an imperfect manner. Some of these are inherent in the nature of the data, and others are due to the fact that it is impossible, or at least extremely difficult, to secure the information desired.

The objection to the use of statistics of production for this purpose lies in the fact that industry is constantly changing from one form to another, and that in growing countries a certain increase in production must normally take place to meet increasing needs. It is only in times of extreme depression that this expansion is checked, and use can be made of production returns to show that a change has taken place. At the best, therefore, statistics of production only enable us to determine at certain times that changes of greater or less importance have taken place. Moreover, no nation has as yet succeeded in organizing a service for the collection of statistics of production except at considerable intervals of time. As regards the second point, the comparative conditions of comfort of the working classes, it is evident that statistics of production furnish evidence only in a most indirect way.

The limitations in the use of statistics of wages for the purposes above noted are equally strong. When methods of work were simple, and occupations few and well defined, the securing of

statistics of wages permitting of a comparison of year with year and country with country was comparatively a simple matter. Under present conditions, owing to the constant changes taking place in the methods of production, the extreme subdivision of labor, and the diversity of local conditions and customs, the securing of such a record that shall be representative of conditions generally is now almost a hopeless task.

Were such a record obtained, moreover, its use as a gauge of the movement of industrial conditions would be open to grave objections. The rate of wages follows such a movement only in a very general way. Industrial depressions mean a lack of orders to the manufacturer rather than production at a loss, and the most effective way that such a condition can be met is in a complete or partial shut-down of the works. As a rule, employers defer a general reduction of wages to the last possible moment. The rise and fall of wages rates, therefore, if they correspond at all with the movement of industry, do so only long after the cause inducing the change has taken place.

As a measure of the standard of comfort, actual wages must always, of course, constitute one of the most effective means available. But even here their value is largely dependent upon their use in connection with various other classes of information, the most important of which is that of amount of employment, the consideration of which constitutes the subject-matter of the present paper.

The purpose of the foregoing criticism of the use of statistics of production and wages as a measure of industrial conditions and individual welfare, has been to enable us more clearly to see the advantages attaching to the use of statistics of employment and unemployment for this purpose. But a slight examination of the subject will show that the movement of employment must correspond in the most immediate and delicate way with changes in the degree of industrial prosperity of a country. A reduction or increase in the labor force immediately follows the falling off or augmentation of demands for industrial products. This is true of slight as well as radical changes in conditions. Changes in stability of employment constitute, in fact, an integral part of the movement itself.

As a measure of the standard of comfort, also, statistics of employment must certainly constitute an element of equal, if not greater, importance than that of the rate of wages. A reduction in wages means a curtailment of expenditure that is often hard to bear. Loss of employment but too frequently means absolute want and dependence upon outside assistance.

Finally, apart from this use as a measure of general economic conditions, statistics of unemployment are of great importance as affording information essential for the adequate study of one of the most important economic problems with which students of industrial conditions now have to deal. The opponents of the present industrial *régime* have a no more effective argument than the fact that there are men willing and able to work, but unable to find opportunity to do so. To a certain degree both the efficiency and the justice of the present system must be judged by the extent to which men under it are given opportunities for the full exercise of their faculties and productive powers. Without carrying this consideration further, it must be apparent that any information in regard to the amount or variation in unemployment is of great value as throwing light upon a great many questions with which economists are concerned.

## II.

Important as the problem of unemployment has always been, it is only within recent years that serious attempts have been made to collect the statistical data that must furnish the foundation for any scientific study of the question. During the past decade, however, most of the important industrial nations have made efforts in this direction, and a body of facts has been accumulated that is well worth the attention of the statistician and economist.

It is proposed in the present paper to make a careful examination of all this material that has been collected, either in the United States or Europe; to group together in summary tables the main points of information to be derived from it; and, most important of all, to examine critically the methods that have been pursued in each investigation. The latter is indeed the main purpose of the paper. It is desired, by means of this comparison

tive study, to show the essential nature of the statistical problems involved, the different methods by which they have been approached, and the lines of action along which the most valuable results can in the future be anticipated.

An examination of the efforts that have been made in different countries to obtain statistics of unemployment shows that four distinct methods of inquiry have been followed.

The first is that where special investigations have been made of the amount of unemployment existing at certain times of industrial depressions. Such were the inquiries made by the Massachusetts Bureau of Statistics of Labor in 1878, by the special board of that State in 1894, by the French Labor Bureau in 1896, and by certain parliamentary committees of Great Britain.<sup>1</sup> To this class also belong investigations undertaken by individual cities.

These efforts, as statistical studies, are of relatively little importance. With the exception of the Massachusetts inquiry of 1878, none of them can be said to be based on a statistical investigation of any scope. They for the most part but make use of the results of other investigations, that will be elsewhere described, and from that material and other facts, seek to estimate the amount of unemployment then existing. The fact also that they were intended only to serve an immediate purpose, and that they relate to unusual conditions, prevents them from having but a limited permanent value.

The second, and in some respects the most important, class of efforts are those that have been made in connection with general

<sup>1</sup> For the results of these and other special investigations concerning unemployment see:—

1. The Unemployed in Massachusetts, June and November, 1878. Tenth Annual Report of the Massachusetts Bureau of Statistics of Labor, 1879.

2. Unemployment. Twenty-fourth Annual Report of the Massachusetts Bureau of Statistics of Labor, 1893.

3. Report of the Massachusetts Board to Investigate the Subject of the Unemployed. Boston, 1895.

4. Documents sur la question du chômage. Office du Travail. France, 1896.

5. Report of the Select Committee on Distress from Want of Employment. Great Britain, 1896.

6. Report on Agencies and Methods for Dealing with the Unemployed. Labour Department. Great Britain, 1893.



censuses of population or industry, through questions incorporated in the schedules calling for information relative to employment of all persons engaged in gainful occupations. Investigations of this character were made in connection with the United States census of 1890, the Massachusetts State censuses of 1885 and 1895, the Rhode Island State census of 1895, and the two German censuses, the one of population and the other of industry, in 1895.<sup>1</sup>

The third plan is that of securing regular returns from as large a number of manufacturers and other employers of labor as possible of the number of persons employed by them. The most important example of this method is the well known *Annual Statistics of Manufactures* published by the Massachusetts Bureau of Statistics of Labor. This system, or a modification of it, has also been adopted by several other State Bureaus of Labor, among which may be mentioned those of New Jersey, Connecticut and Wisconsin. In this general category should be placed the report of the French labor bureau on wages and the duration of labor in French industries, and the various official reports, especially on mining, which give information regarding the number of persons employed, the number of days worked, etc.<sup>2</sup>

<sup>1</sup> 1. Report of the Eleventh United States Census, 1890. Population, vol. ii. Also Compendium, Part III, p. 386 et seq.

2. Eighteenth Annual Report of the Massachusetts Bureau of Statistics of Labor, 1887. This report contains the figures concerning unemployment obtained in connection with the State census of 1885. The figures for the Massachusetts census of 1895 are not yet available.

3. Report of the Rhode Island State Census, 1895. The figures concerning unemployment were published and commented upon in the Tenth Annual Report of the Rhode Island Bureau of Industrial Statistics, 1898.

4. The results of the two German censuses, as regards unemployment, are given in the *Vierteljahrsheft zur Statistik des deutschen Reichs*, 1896. Ergänzung zum vierten Heft. Berlin, 1896.

<sup>2</sup> 1. Annual Statistics of Manufactures, Massachusetts Bureau of Statistics of Labor. Series began in 1886.

2. *Salaires et durée du travail dans l'industrie française*. 4 vols. Office du Travail, France, 1893-1896.

3. The most available source of data concerning number of persons employed, hours of work, etc., of miners and other employees are the Labour Gazette of the Home Department, and the annual reports on mining of most for-

The fourth system is that whereby regular returns are sought from trade unions of the number of their members, and the number and per cent. of them who are out of employment at the date of the return. This method was first employed by the Labour Department of Great Britain, and has since been followed by the labor bureaus of France, Belgium and New York, and more recently by the American Federation of Labor.<sup>1</sup>

No attempt, it will be observed, is made to consider information published by employment bureaus of the results of their operations. This material may show in a general way whether unemployment is prevalent or not, but it cannot be used as a basis for the measurement of unemployment generally.

With this statement of the general ground to be covered we will now enter upon an examination in detail of each of the four classes of investigations that have been enumerated.

*Special Investigations.*—The first class of inquiries can be dismissed with a few words. As has been said, they do not as a rule represent original investigations. They have served a certain purpose in showing in a general way the extent of the distress existing in a restricted district, but have contributed but little to the general study of unemployment. In one respect, however, they have been of permanent value. Those that have been carefully made have demonstrated that the amount of unemployment existing at times of industrial depressions is apt to be greatly exaggerated by the public. The most important inves-

<sup>1</sup> 1. For Great Britain see the Annual Reports of the Labour Department on Trade Unions, begun in 1886, particularly the Fourth and Fifth Reports; the Annual Abstract of Labour Statistics for the United Kingdom, and the monthly Labour Gazette of the same department. An excellent presentation of this material is given in the paper by Mr. George H. Wood, "Some Statistics Relating to the Working Class Progress since 1860," in the Journal of the Royal Statistical Society, December, 1899.

2. For France see the July numbers of the Bulletin du Travail, Office du Travail, France.

3. For Belgium see the January numbers of the Revue du Travail, Office du Travail, Belgium.

4. For New York, see the Annual Reports of the New York Bureau of Labor beginning with the thirteenth, 1895, and its quarterly Bulletin begun in 1899.

5. For the American Federation of Labor see The "American Federationist" since October, 1899.

tigation of this character was that made by the Massachusetts Bureau of Statistics of Labor in 1878. It was currently reported at that time that 200,000 workingmen in the State were out of employment. As the result of a thorough canvass of the State in June and November of that year the bureau found but 28,508 persons, male and female, out of work in June, and but 23,000 out of work in November.

*Census Inquiries.*—The second class of investigations deserves a more careful consideration. Though not the first attempt at a census of unemployment, the work of the federal census of 1890 should first be considered, as it represents the only effort made in the United States to gather such information for the whole country.

Questions were inserted in the population schedule calling for answers from every person returned as engaged in gainful pursuits as to whether he was unemployed during the census year at his principal occupation, and if so, during how many months, and during what time he was employed at some other occupation.

Answers to the last question were obtained in such a manifestly incomplete and inaccurate way that no attempt was made to tabulate them. Returns to the first two questions were tabulated in considerable detail by States, sex, occupations, nationality, etc., but the only tables of which the slightest use can be made are two summaries giving, by classes of industries and selected occupations, the number and per cent. of persons engaged in gainful pursuits who were returned as unemployed at their principal occupation at some time during the year. These two summaries as far as males are concerned, are here reproduced in a single table. In order to economize space, however, only the figures for those occupations embracing 100,000 or more persons are given.

These figures have been reproduced more to show what was attempted than what was accomplished. Both they and the whole investigation may be pronounced absolutely worthless. The entire report bears evidence that no real attempt was made to work out the elements involved in the problem, or to secure the returns in a proper form. The fact that information from employers as well as employees was sought and included in the totals, and that the extent of unemployment was measured

Industries and Occupations.	Males 10 years of age and over in gainful pursuits.	Number unemployed at some time during the year.	Per cent. unemployed.
<i>Classes of Industries.</i>			
Agriculture, fisheries and mining .....	8,333,813	1,120,827	13.45
Professional service .....	632,646	54,654	8.64
Domestic and personal service .....	2,692,879	689,307	25.60
Trade and transportation .....	3,097,701	247,757	8.00
Manufacturing and mechanical industries ..	4,064,051	900,572	22.16
All industries .....	18,821,090	3,013,117	16.01
<i>Selected Occupations.</i>			
Agricultural laborers .....	2,556,957	525,278	20.54
Farmers, planters and overseers .....	5,055,130	334,666	6.62
Miners and quarrymen .....	386,872	185,193	47.87
Physicians and surgeons .....	100,248	1,427	1.42
Professors and teachers .....	101,278	31,217	30.82
Engineers and firemen (not locomotive) ..	139,718	20,804	14.89
Laborers not specified .....	1,858,558	620,794	33.40
Servants .....	238,152	23,220	9.75
Agents and collectors .....	169,707	8,076	4.76
Book-keepers and accountants .....	131,602	6,589	5.01
Clerks, copyists, etc. ....	505,287	25,430	5.03
Draymen, teamsters, etc. ....	368,265	58,645	15.92
Merchants and dealers .....	665,774	22,495	3.38
Salesmen .....	205,943	11,534	5.60
Steam railroad employees .....	460,771	59,819	12.98
Blacksmiths and wheelwrights .....	218,134	26,413	12.11
Boot and shoe makers and repairers .....	179,867	25,467	25.28
Butchers .....	105,339	8,058	17.65
Carpenters and joiners .....	611,293	194,867	31.88
Textile mill employees .....	213,901	41,570	19.43
Compositors and printers .....	104,899	10,083	9.61
Iron and other metal workers .....	359,777	79,597	22.12
Machinists .....	176,951	19,121	10.81
Manufacturers and officials .....	101,280	4,214	4.16
Masons, brick and stone .....	158,878	68,355	43.02
Painters, glaziers and varnishers .....	218,646	68,170	31.18
Saw and planing mill employees .....	138,386	43,902	31.72
Tailors .....	121,591	17,700	14.56

such periods of time as one to three, four to six, and seven to twelve months is sufficient of itself to preclude any valuable results being obtained. It is evident that the problem of unemployment has little or nothing to do with such classes as merchants and dealers, physicians and surgeons, manufacturers and officials, etc., and the failure to recognize this must vitiate all general results. Moreover, as was brought out by the careful German census, there are a great many precautions that must be taken in securing the data, such as the accurate definition of what constitutes the principal occupation, the exclusion of cases of persons, such



as teachers, who normally are unemployed a part of the time, of persons voluntarily not working, of old persons permanently incapacitated for labor, etc. If any attempt was made to guard against these difficulties the report gives no evidence of it. Finally the returns themselves show that not even an approximation of the true condition of affairs was obtained.

The failure of the federal census to obtain a correct census of the unemployed was due largely to the fact that it was a practical impossibility to exercise the requisite amount of care and supervision where the investigation was of such magnitude. The problem is vastly simplified if the work is undertaken by a single homogeneous State like Massachusetts, and more valuable results are consequently to be anticipated.

Massachusetts, as is well known, takes a State census every decade on the year midway between the federal census years. In 1885, questions were for the first time inserted in the population schedule having for their purpose the determination of the amount of unemployment in the State. The returns are presented in great detail. They show for the year preceding the enumeration the numbers of persons who were unemployed a month or more during the year and the length of this unemployment, by town, sex, age periods and occupations. As in the federal census, the efforts was also made to determine the extent to which persons who were unemployed at their principal occupation found employment in some other work.

In the limited space at our disposal it will be possible to present only the more important summaries of this investigation. There is first given a general table showing for all classes of occupations combined the total number of persons reporting themselves as unemployed a month or more during the year at their principal occupation, according to sex and months unemployed. Columns of percentages show the distribution of unemployment according to this latter feature.

This table shows that, according to the census returns, out of a total of 816,470 persons engaged in gainful pursuits in the State, 70.41 per cent. were continuously employed during the year, while 29.59 per cent. were unemployed a month or more. The most interesting feature of the table is the showing of the

extent of unemployment according to its duration. Thus of the 29.59 per cent. returned unemployed, only one-tenth of one per cent. were unemployed the whole year, 3.17 per cent. were unemployed seven or more months, 5.24 were unemployed six months, 1.19 per cent. for five months, 5.81 per cent. for four months,

Months Unemployed.	Males.		Females.		Both sexes.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
1 month .....	12,948	2.14	6,630	3.12	19,578	2.40
2 months .....	32,753	5.42	15,022	7.07	47,775	5.85
3 months .....	30,138	4.99	11,739	5.25	41,877	5.13
4 months .....	37,806	6.26	9,618	4.52	47,424	5.81
5 months .....	12,890	2.14	3,357	1.58	16,247	1.99
6 months .....	33,335	5.52	9,478	4.46	42,813	5.24
7 months .....	4,600	.76	1,538	.72	6,138	.75
8 months .....	5,335	.88	1,831	.86	7,166	.88
9 months .....	3,739	.62	1,581	.74	5,320	.65
10 months .....	2,843	.47	1,310	.62	4,153	.51
11 months .....	1,468	.25	788	.37	2,256	.28
12 months .....	753	.13	69	.03	822	.10
Total .....	178,628	29.58	62,961	29.61	241,589	29.59
Continuously employed ..	425,219	70.42	149,662	70.39	574,881	70.41
Grand total .....	603,847	100.00	212,623	100.00	816,470	100.00

5.13 per cent. for three months, 5.85 per cent. for two months, and 2.4 per cent. for one month. The variation in the amount and duration of unemployment in the case of the two sexes is astonishingly slight.

It is not easy to determine the degree of faith that can be placed in these figures. Certainly, as far as the classification by months unemployed is concerned the returns must be but a rough approximation. This is shown by the fact that the percentage given in the table for six months unemployment is 5.24 as against 1.99 for five months and 0.75 for seven months. I think also that we can be certain that the amount of unemployment here returned is considerably in excess of the true amount of unemployment as that term is usually employed. Not only is it the natural disposition of persons to exaggerate the extent of their misfortunes, but included in the returns are a large number of occupations such as teachers and farm laborers, who are normally out of work a greater or less portion of the year. No

attempt, also, was apparently made to exclude cases of persons voluntarily out of work. The bare statement, therefore, that 29.58 per cent. of all male workers were out of employment a month or more during the year would be wholly misleading as a measure of unemployment among the laboring and artisan class proper.<sup>1</sup>

The foregoing criticism is immediately justified when we come to consider the question of unemployment by particular industries or occupations. Unemployment is essentially a problem to be treated by industries and occupations. It may almost be said that there are as many problems as there are industries. The following table, taken from the report, shows the proportion of male workers unemployed at some time during the year, and the average duration of the unemployment by occupations. In the report the information is given for a large number of occupations. To economize space the figures are here given only for the occupations embracing 3,000 or more persons.

This table shows at a glance the wide difference in the conditions existing in different occupations, and how misleading it is to consider the problem of unemployment for all occupations grouped together without regard to the peculiar conditions surrounding each, and its relative importance to the total number of workers considered. In the first place, it is immediately apparent that there are a number of people who, on account of the character of their occupations, should be excluded from any study

<sup>1</sup> Apart from the question of accuracy, it is also of course important to determine whether the year to which the figures relate was a normal or abnormal one as regards employment. Discussing this point, the report says: "The facts for 1885 show a wide distribution of the unemployed as a whole, because the industries of the State were in a more or less depressed condition, the depression which began early in 1882 not then having passed away." Treating of the same figures in its report for 1893, however, the bureau uses somewhat different language. It there says: "While they (the percentages) may be accepted as fairly representing normal conditions during the entire year, this should be qualified by the statement that production in certain manufacturing industries, particularly boots and shoes, and cotton goods, was not quite up to its used limit during the year selected for the investigation, although it was not so far as Massachusetts is concerned, a year of industrial depression."

Taking these two statements together, it can fairly be inferred that the year covered, while not a year of serious industrial depression, was nevertheless one in which industry was not in its fullest activity.

Occupations.	Persons employed.	Per cent unemployed at some time during year.	Average months unemployed.	
			All persons.	Unemployed persons.
City and town government service .....	5,459	6.20	0.29	4.73
Barbers and hairdressers .....	3,099	6.23	.29	4.68
Stationary engineers and assistants .....	3,545	16.28	.67	4.11
Merchants and dealers .....	33,566	4.07	.19	4.75
Salesmen .....	14,986	6.95	.32	4.58
Book-keepers and clerks .....	27,667	7.30	.36	4.92
Agents .....	3,697	5.19	.25	4.74
Boarding and livery stable employees .....	3,791	15.06	.67	4.48
Horse railroad employees .....	3,056	9.72	.46	4.78
Teamsters .....	14,018	15.29	.63	4.09
Steam railroad employees .....	15,086	11.49	.53	4.61
Farmers .....	36,269	6.90	.32	4.66
Farm laborers .....	35,633	30.19	1.36	4.52
Fishermen .....	7,844	44.01	2.14	4.86
Boot and shoe makers .....	48,105	67.30	2.62	3.89
Carpenters .....	22,781	47.18	1.84	3.90
Masons .....	8,362	69.23	2.96	4.27
Painters .....	9,352	55.35	2.33	4.21
Tailors .....	3,870	17.39	.76	4.39
Cotton mill operatives .....	26,642	39.09	1.37	3.49
Tannery employees .....	6,192	34.48	1.29	3.75
Machinists .....	11,136	30.33	1.13	3.72
Blacksmiths and helpers .....	5,858	17.75	.78	4.41
Iron workers .....	5,731	49.97	1.90	3.81
Paper mill operatives .....	4,410	15.19	.58	3.84
Compositors and printers .....	4,541	9.91	.41	4.15
Woolen mill operatives .....	13,550	39.35	1.57	4.00
Laborers .....	33,064	61.54	2.90	4.71
Apprentices .....	5,214	21.14	1.09	5.17

of the real problem of unemployment, or at least should be separately considered. Such, for example, are the classes of persons engaged in agricultural pursuits, the fisheries, marine transportation and the large group of merchants and dealers who are employers rather than employees. The same is true to a less extent of government officials, teachers, agents, and apprentices.

Undoubtedly the most important fact brought out by this table is the wide divergence between the stability of employment in different occupations. In order that the significance of these differences may be apparent it is necessary that related industries should be grouped together. In this way it can be determined whether the differences are due to peculiarities of the particular occupations or are common to all the occupations in the same or closely related lines of work. Such a grouping has therefore been made in the following table:



Classes of occupations.	Total persons productively employed.	Number unemployed at some time during the year.	Per cent. unemployed.
Government and professional.....	10,656	1,306	12.26
Domestic and personal service.....	17,985	1,844	10.25
Trade .....	87,521	7,720	8.82
Transportation, road .....	25,044	3,510	14.02
Transportation, steam railroad.....	15,086	1,733	11.49
Transportation, water .....	4,449	1,328	29.85
Agriculture.....	75,244	14,909	19.81
Fisheries .....	7,844	3,452	44.01
Manufactures: Total.....	205,021	87,498	42.68
Boots and shoes .....	48,105	32,374	67.30
Cotton mill operatives .....	26,642	10,414	39.09
Woolen and worsted mill operatives .....	14,663	5,732	39.09
Paper mill operatives .....	4,410	670	15.19
Tannery employees .....	6,192	2,135	34.48
Machinists and metal workers.....	37,520	13,648	36.38
Compositors and printers .....	4,541	450	9.91
Building trades .....	45,554	23,845	52.34
Laborers .....	33,064	20,346	61.54
Miners and quarrymen.....	1,422	692	48.64
Apprentices .....	5,214	1,102	21.14
Other .....	65,202	8,820	13.64
Total.....	603,847	178,628	29.58

NOTE—In the Massachusetts report compositors and printers and building trades employees have been included under manufactures. In studying the problem of unemployment it is evident they should be separately considered.

An explanation should be made of the manner in which this table has been constructed. The only summaries by kinds of work contained in the official report are by the general groups of industries: agriculture, trade and transportation, manufactures, etc. This established system of grouping branches of industry, while useful for many census purposes, is thoroughly inadequate to bring out the vital facts regarding unemployment. Under it, for example, such totally dissimilar classes of occupations, as regards conditions of employment, as building trades employees, printers and compositors, and ordinary laborers, are included among factory employees, when it is evident that as respects each one the problem of unemployment is essentially a different one.

Again the columns of percentages given in the tables published in the report show, not the proportion of each class that was unemployed, but the proportion the number unemployed in each class represented of the total number unemployed—a show

which is not only of practically no importance—but is misleading, as it in no way indicates the relative prevalence of unemployment in the different industries and occupations.

To avoid these two defects, it was necessary in the table we have given, to regroup the occupations, and calculate the percentages of unemployment for each group.

Turning now to an examination of the table, the essential difference in the conditions of employment in the different lines of work is at once manifest. In this classification we have set apart those classes of work, such as agriculture, the fisheries, government and professional service, the inclusion of which, as we have said, vitiates any deductions that might be attempted concerning unemployment as an industrial problem. We have also stated separately the figures for the building trades, compositors and printers, and ordinary laborers. The desirability of doing this is seen by the great difference which is shown in the extent of unemployment in these classes and in manufactures. Compositors and printers show an exceptionally good record of but 9.91 per cent. of their number unemployed at some time during the year. Steam railway employees come next with 11.49 per cent., a large part of which is probably found in the construction force temporarily employed. As would be expected, a high percentage of unemployment is shown for the building trades and common laborers, the figures being 52.34 and 61.54 respectively.

Turning to the group of manufactures, the percentage of unemployment for all branches combined is seen to be 42.68. Under this general head I have given the figures for the six most important branches, in order to bring out the considerable variation that is found in the different trades. This variation is probably due, partly to the difference existing in the organization of work in different trades, but mostly to the chance that some trades happened to be more depressed than others during the particular year covered by the investigation.

The remaining grouping of the Massachusetts census, such as those by age periods and in relation to secondary employment, can be passed by with little comment. The showing of unemployment by age periods is of no value as it includes all persons engaged in gainful pursuits, whether in agriculture or manufac-

tures, or otherwise. As regards the question of the extent to which persons out of employment in their principal occupations found other work, it is doubtful if the returns can be accepted as accurate. Only 4.45 per cent. of those unemployed reported that they found work in other employments. This, if representing the true condition of affairs, would indicate that, taking all industries together, the matter of secondary occupation is of relatively no importance.<sup>1</sup>

WILLIAM FRANKLIN WILLOUGHBY.

U. S. Department of Labor.

<sup>1</sup> To be continued in the *YALE REVIEW* for November, 1901.

## NOTES.

**Concentration in Retail Trade.** The formation of The Associated Merchants' Company in April last, uniting by the corporate method three of the larger establishments in New York City, with plans and charter provisions for the future extension of the company by the absorption of other similar houses in the larger trade centres of the United States, naturally calls attention to the possibility of commercial concentration within the field of distribution on a larger scale and by a method very different from that adopted in the past. For concentration in retail trade is not in itself a new development, as the successful department stores in all the larger cities in the United States testify. What is novel here is the adoption of the later industrial method of accomplishing concentration, viz.: the formation of a corporation to purchase either the properties of the constituent companies outright or a majority of the capital stock, as found most convenient in each particular case. Whether the concentration movement thus inaugurated in retail trade will prove to be a permanent one, approximating in its scope and effects to that already effected in transportation or manufacturing industries, or whether, on the other hand, it is merely an ambitious attempt of the promoter to enter an unfavorable field, may discreetly be left to the future to determine. What is especially needed at the present time both by the public and the economist is accurate information in regard to the progress and economic results of such concentration as effected through the development of the great department store, and especially of the ability to eliminate competition by eliminating the smaller retailers in special lines of merchandise.

A recent investigation of the Massachusetts Bureau of Labor Statistics<sup>1</sup> aims to give such information regarding the city of Boston, where the department store has probably achieved more than the average success. The report does not try to determine the relative amount of business done by the department stores as compared with that of the regular retail stores—an industry which would be fraught with difficulties and might prove misleading at

<sup>1</sup> *Thirtieth Annual Report of the Bureau of Statistics of Labor*, Boston, 1900.



	1	2	3	4	5	6
Department store	100	100	100	100	100	100
Special retailer	0	0	0	0	0	0
Small wares	100	100	100	100	100	100
Toys	100	100	100	100	100	100
Women's clothing	100	100	100	100	100	100
Furnishing goods	100	100	100	100	100	100
Kid gloves	100	100	100	100	100	100
Laces and embroideries	100	100	100	100	100	100
Drugs and medicines	0	0	0	0	0	0
Boots and shoes	0	0	0	0	0	0
Furniture	0	0	0	0	0	0
Total	100	100	100	100	100	100

Some of the more important conclusions to be drawn from the facts presented in the report, the data for a part of which are not included in the above table, are: (1) The department store has not as yet eliminated the special retailer in any one line of goods: the nearest approach to such a condition is found in the distribution of the following lines: kid gloves, laces and embroideries, small wares, toys, women's clothing and furnishing goods. (2) The special retail store has been able to retain nearly the whole field in several lines, viz.: drugs and medicines, boots and shoes, furniture,

groceries, men's and boys' clothing, millinery. (3) The better organized stores, whether department or the regular retail store in form, are constantly forcing the less efficiently organized stores to the wall, resulting in lessened cost of distribution, larger sales with less profit on each article, and a lower average scale of prices to the consumer. (4) The heads of departments in the department stores are not generally recruited from the ranks of those who had previously been proprietors of retail stores; out of the 417 cases reported, 48 only had previously been at the head of a retail store of their own, 347 had not been independent proprietors, and in 22 cases their previous business was not stated.

On the whole the facts disclosed by this investigation are reassuring to those who still have faith in the stimulating and regulating effects of competition in the social order. Whether competition may yet be destroyed and monopoly achieved in either the field of industry or that of retail trade through the power of combination is as yet an open question; whether a perfect consolidation of the retailers either of one line of goods throughout a wide area or of all lines within a narrower one, would be able to establish and maintain monopolistic prices is still another. An able commercial authority recently remarked in connection with the Clafflin consolidation, that "the one thing which neither the department store nor any possible combination among stores for their mutual benefit can do is to establish an artificial range of prices," contrasting the power of such a combination in this respect with that of the "trust." A combination of retail tradesmen is not able through the power of such association to control the supply of raw material or to depend on either patent rights or a tariff wall. Their ability to affect the course of prices at all must be chiefly due to the power of combination—a fact which clothes the concentration movement in the distributing of merchandise with especial interest to the economist as well as to the consumer.

MAURICE H. ROBINSON.

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**Municipal Electric Plants in Massachusetts Cities.** Massachusetts contains two cities that own and operate municipal electric plants. These cities are Taunton, with a population of 31,036, and Chicopee, with 19,167 inhabitants. Both of these plants supply private consumers as well as electric street lamps, and they are the only electrical systems for general service in their respective cities. To bring out the comparative results obtained under

municipal and private ownership, a comparison is here made between these two plants at Taunton and Chicopee, and all the similar electric plants of the State under private ownership in cities with populations between those of the two named.

Five cities in Massachusetts have populations between those of Chicopee and Taunton, and contain electrical supply systems, under private management. In each of two of these five cities a single corporation owns both the gas and electric plants, and these two cities are excluded from the comparison. The three remaining cities are Gloucester, population 26,121; Quincy, population 23,899, and Pittsfield, population 21,766. The object of the comparison here made between the two municipal and the three private plants is to determine the relative costs of street lighting, and to see whether the private or public management rendered capital invested in the plants more productive. Figures showing the operations of all these plants are derived by computation or taken directly from the Report of the Massachusetts Board of Gas and Electric Light Commissioners, for the year ending June 30, 1900. In order to reduce all service to street lamps to a common unit, the usual allowance of 0.25 watt per rated candle power of arc lamps is made, and the energy supplied to lamps is reduced to kilowatt-hours. At Chicopee the electric street lighting is done by arc lamps of 1,200 nominal candle power, each consuming  $0.25 \times 1200 = 0.3$  kilowatt-hour per hour. During the year named the average daily number of these lamps operated was 149, the hours per night for each lamp 8.5, and the average nights per month 29.8. Consequently the energy consumed by these lamps during the year was  $8.5 \times 29.8 \times 12 \times 0.3 \times 149 = 135,870.12$  kilowatt-hours. In Taunton during the same year the street lighting was done with an average daily number of 223 arc lamps of 1200 nominal candle power each, and these lamps were in operation 8.2 hours per night and 27.5 nights per month on an average. Street lighting at Taunton, therefore, consumed  $8.2 \times 27.5 \times 12 \times 0.3 \times 223 = 181,031.4$  kilowatt-hours during the year.

The cost of street lighting by each municipal plant is equal to the sum of all expenses for management and operation, plus interest on the entire investment of the rate paid on city bonds, plus depreciation at 5 per cent., minus the money income from service for private consumers. These charges against the municipal electric plants are as follows:

	Interest.	Depreciation.	Operating Expenses.	Total.
Chicopee .....	\$3,958.00	\$4,548.11	\$15,729.98	\$24,236.09
Taunton .....	5,812.04	6,655.95	26,065.16	38,533.15

The value of the service performed by these municipal plants for private consumers during the year amounted to \$8,706.91 at Chicopee, and \$23,598.43 at Taunton. Deducting these sums from the corresponding charges against the municipal plants, the cost of street lighting at Chicopee is found to be \$15,529.18, and at Taunton \$14,934.72. The cost of service to street lamps per kilowatt-hour is now found by dividing the total cost of street lighting by the number of kilowatt-hours consumed in each case.

	Total kilowatt-hours.	Total Cost.	Cost per kilowatt-hour.
Chicopee.....	135,870.12	\$15,529.18	11.0 cents
Taunton .....	181,031.40	14,934.72	8.2 "
Totals.....	316,901.52	\$30,463.90	9.6 cents average.

The true average cost of 9.6 cents per kilowatt-hour for both cities is found by dividing the sum of their total costs by the sum of their kilowatt-hours.

In the cities of Gloucester, Quincy and Pittsfield the arc street lamps, all of 1200 nominal candle power, operated during the year as follows:

	Average daily number.	Daily hours of operation.	Average days per month.
Gloucester .....	59	6.5	19.7
Quincy .....	100	5.2	25.4
Pittsfield } .....	57	5.0	27.4
} .....	22	8.7	28.9

On the basis of 0.3 kilowatt-hour for each hour of lamp operation, the energy consumed in these street lamps amounted for Gloucester to 27,197.82, for Quincy to 47,548.80, and for Pittsfield to 48,025.56 kilowatt-hours, during the year. The yearly charge per lamp at Gloucester was \$75.00, at Quincy \$75.00, and at Pittsfield \$62.50 for the shorter burning, and \$95.00 for the longer burning lamps. These prices make the total charge for street lighting, by the average number of lamps stated, at Gloucester \$4,425.00, at Quincy \$7,500.00, and at Pittsfield \$5,652.00. Dividing in each case the total cost by the total kilowatt-hours consumed in the lamps gives the price per kilowatt-hour, and the sum of these total costs divided by the sum of the kilowatt-hours shows the true average price for the three cities, which is 14 cents per kilowatt-hour.



	Total kilowatt-hours.	Total cost.	Average price per kilowatt-hour.
Gloucester .....	27,197.82	\$4,425.00	16.2 cents
Quincy .....	47,548.80	7,500.00	15.7 "
Pittsfield .....	48,025.65	5,562.00	11.3 "
Totals .....	122,772.27	\$17,557.50	14.0 cents

This average charge by the private plants for energy used in street lighting is 45.8 per cent. higher than the cost of 9.6 cents per kilowatt-hour in the municipal plants. Meter rates to private consumers at Chicopee are 11.85 cents per kilowatt-hour, and the contract price per arc lamp is \$3.00 to \$4.00 per month. Taunton charges \$6.00 to \$7.00 per month for each arc lamp, and 18 cents per kilowatt-hour by meter, subject to a discount of 25 per cent. on bills of \$20.00 or more.

Nominal meter rates at Gloucester, Quincy and Pittsfield are 18, 18 and 24 respectively, while the corresponding charges for arc lamps are \$8.00 to \$9.00 per month at Gloucester, \$6.50 at Quincy, and \$8.00 to \$9.00 at Pittsfield. While the rates from municipal plants to private consumers are as stated, the prices made by the private plants are subject to much variation with different consumers, and are often below the nominal rates, but probably not lower than the rates of the municipal plants, on an average.

It is next desirable to determine whether the municipal or the private electric plants earned better net returns on the invested capital. In order to do this, the money value of the street lighting done by the municipal plants must be determined. For this purpose it is only fair to compute the value of the municipal service to arc street lamps, at the average price paid for similar service in the three cities supplied by private electric systems. As shown above, the average price paid by Gloucester, Quincy and Pittsfield for electrical energy used in arc lamps was 14 cents per kilowatt-hour. Applying this price to the energy supplied by the two municipal plants to arc street lamps, results are obtained as follows:

*Value of Street Lighting.*

	Kilowatt-hours in arc street lamps.	Value per kilowatt-hour.	Total value.
Chicopee .....	135,870.12	14 cents	\$19,021.82
Taunton .....	181,031.40	"	23,096.56
Totals .....	316,901.52	14 cents	\$42,118.38

These values of street lighting plus the money incomes of municipal plants show their entire earnings.

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*Total Earnings of Municipal Plants.*

	Money income.	Value street lighting.	Total earnings.
Chicopee .....	\$ 8,706.91	\$19,021.82	\$27,728.73
Taunton .....	23,610.77	23,096.56	46,707.33

The figure here for money income at Taunton is \$12.34 greater than that previously given, because gains on jobbing to that amount are added, which were previously deducted from depreciation.

Net earnings for present purposes are represented by the difference between total earnings and operating expenses, no allowance being made for interest or depreciation.

	Total earnings.	Operating expenses.	Net earnings.
Chicopee .....	\$27,728.73	\$15,633.77	\$12,094.96
Taunton .....	46,707.33	26,065.16	20,642.17
<hr/>			
	Total plant investment.	Net earnings.	Ratio net earnings to investment.
Chicopee .....	\$101,450.00	\$12,094.96	11.92 per cent.
Taunton .....	150,802.00	20,642.17	13.6 "
<hr/>			
Totals .....	\$252,252.00	\$32,737.13	12.9 per cent.

It thus appears that the earnings of the two municipal plants for the year, above all expenses of operation, amounted to 12.9 per cent. of their total investments.

The total earnings of the private electric plants are represented by their money incomes, and these incomes less operating expenses give the net earnings for present purposes. As the municipal plants pay no taxes, the amounts representing the taxes paid by the private plants are not included in their expenses.

	Total earnings.	Operating expenses.	Net earnings.
Gloucester .....	\$39,909.57	\$20,098.52	\$19,811.05
Quincy .....	39,910.53	26,307.36	13,603.17
Pittsfield .....	83,356.03	65,000.88	18,355.15
<hr/>			
Totals .....	\$163,176.13	\$111,406.76	\$51,769.37

Investments in the electric systems of private corporations are represented by the face values of their issued stocks and bonds, and by the notes outstanding against them.

This is so because Massachusetts law does not permit the stocks and bonds of its corporations to issue for less than par. The items of stocks, bonds and notes for the three plants are as follows:

	Stocks.	Bonds.	Notes.	Total investment.
Gloucester .....	\$ 50,000	\$48,000	\$63,000	\$161,000
Quincy .....	89,700	.....	53,343	143,043
Pittsfield .....	100,000	100,000	2,000	202,000

The total investment in each case is used as a divisor of the net earning, to show the return on the investment.

	Net earnings.	Investment.	Per cent. of net earnings to investment.
Gloucester.....	\$19,811.05	\$161,000	12.30
Quincy.....	13,603.17	143,043	9.50
Pittsfield .....	18,355.15	202,000	9.08
Totals.....	\$51,769.37	\$506,043	10.23

This process shows the net earnings here considered to be 10.23 per cent. of the investment in the three private systems.

It was found above that the two municipal plants earned a net return during the year of 12.9 per cent. on the investment in them, so that the municipal management has rendered its capital 1.26 times as productive as the like resources under private control. It has already been shown that the price charged by the three private electric plants for service to arc street lamps was 1.458 times as great as the cost of similar service from the two municipal plants.

These results indicate, at least as to street lighting, that cheaper service and a larger return on invested capital are obtained under municipal than by private management.

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## BOOK REVIEWS.

*Capital und Capitalzins.* Von Eugen von Böhm-Bawerk. Zweite Vielfach Vermehrte und Verbesserte Auflage. Erste Abtheilung: *Geschichte und Kritik der Capitalzinstheorien.* Innsbruck, Verlag der Wagner'schen Universitäts-Buchhandlung. 1900. 702 SS.

Probably no writer of recent years has so stimulated economic discussion as did Professor Böhm-Bawerk by the publication of his "Capital and Interest" (1884) and his "Positive Theory of Capital" (1889). At a time when economists were turning their attention toward the analysis of the psychical processes of valuation, as distinguished from the physical processes of production, exchange, distribution and consumption, this work held the attention of the economic world by the originality of its methods and the boldness of its conclusions. Much of the theoretical discussion of the last dozen years has centered around these works, and it would be surprising if something of importance had not been produced. This second edition is now published in order to bring his discussion down to date, and to take account of the various criticisms that have been passed upon the original edition.

The author still adheres to his original plan of attempting to demolish every other theory of interest in order to make room for his own, which is set forth in his "Positive Theory of Capital." He apparently sees no reason for modifying any of his own views for, though this edition contains many additions to the original, it contains few changes. Many will doubtless think that it would have been better if it had contained fewer additions and more changes. The additions consist mainly in criticisms upon recent writers and replies to criticisms upon his own theory, though there is some enlargement of his discussion of earlier writers. Among the earlier writers, John Rae, in particular, deservedly receives a large share of appreciative discussion. Among the later writers and critics of the author's theory, Professor Marshall and the late President Walker receive the most attention, though Clark, MacVane, Macfarlane, Stolzman, Wieser, Dietzel, and several others come in for a share.

Since the author's own theory is not set forth in this volume, it would be improper to enter upon a discussion of it here. It can



not, however, be out of place to mention that he fails to appreciate the real strength of some of the theories which he criticizes, because of his too narrow view of the problem. This is true of the "Productivity" and the "Abstinence" theories in particular. The problem of interest must be looked at from two widely different standpoints, the physical and the psychical, and neither view is the only absolutely correct one. Physically, there can be no doubt that capital is productive. No one doubts that tools are useful, yet their usefulness consists not in any direct satisfaction which they furnish, but in the larger product which they enable industry to realize. That is the only sense in which anything, including labor, can be said to be productive. It so happens that the making of a tool is a round-about process of producing goods, but it is the usefulness of the tool and not the round-about-ness of the process that counts. The initial act of bringing capital into existence is an act of saving, or waiting, which may or may not involve sacrifice, according to circumstances. Under the physical law of diminishing returns, which is applicable to the other factors of production as well as to land, the more capital there is brought into existence relatively to the other factors the lower the physical productivity of each unit of capital. The more prevalent the policy of saving or waiting becomes, the more capital there will be in proportion to the other factors of production, and the lower its productivity. These are some of the physical facts which can not be ignored in the solution of the problem of interest.

On the other hand, it is evident that the problem of interest is a part of the general psychical problem of valuation. Goods have a commodity value represented by their selling price. Goods which endure for a time are also capable of furnishing a flow of services or utilities. This flow also has its market value, represented, in the case of land, by rent, and in the case of produced goods, by interest. The services of capital are known as its productivity. It is because of this productivity that capital is capable of earning an income at all. This income is simply the price that is paid for the flow of services which capital furnishes. How does it happen that the sum of the prices paid for the services of a piece of capital will in the end exceed the present price of the piece of capital itself? This is the problem which Professor Böhm-Bawerk set out to solve, and for whose solution he offers the ingenious theory of the discounting of the future. We might grant the correctness of his theory and yet maintain that he is in error in supposing that this is the whole of

the problem of interest. It is because he assumes this to be the whole of the problem that he is unable to see the real value of some other theories which deal with other parts of the problem. This is the chief weakness of the volume before us, and the one which renders many of his criticisms meaningless. This weakness is even more apparent in this edition than it was in the original, because the "Productivity" and the "Abstinence" theories have, since the original edition was published, undergone considerable revision, freeing them from the objections which could then be urged against them. These revisions the author is apparently unable to understand.

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*An Introduction to the Industrial and Social History of England.* By Edward P. Cheyney, Professor of European History in The University of Pennsylvania. New York: The Macmillan Company, 1901—317 pp.

This is a text-book, intended for college and high school classes. The three hundred pages may be divided, for the purpose of description, into three nearly equal parts. Of these the first is devoted to the period before 1350, and contains an introduction and chapters on rural life, on town life and on trade. The second part covers in chronological order the economic changes from the later fourteenth century to the early eighteenth century, and the third sketches the course of the industrial revolution from the later eighteenth century to the present day. Some interesting cuts and maps illustrate the text, and to each chapter is appended a bibliographical paragraph that gives to the student the titles of the principal secondary authorities, though it withholds from him, curiously enough, the important item of the date and place of their publication.

Professor Cheyney's book bears well a comparison with other books of the kind, and will undoubtedly play an important part in the extension of instruction in economic history. It offers to the student a sober and careful description of the economic development of England. The author confines himself to pretty sure ground (so omitting with scarcely a reference the whole subject of the origin of the manor), and maintains the reader's confidence throughout. Occasional misprints in the dates were noticed (1361, Bretigny; 1792, invention of the cotton gin), and slips such

as that which placed the origin of the cabinet in the reign of Charles II. The importance ascribed to an increase in the amount of currency as a cause of economic development (pp. 171-2) is perilously like a modern fallacy, and the reviewer doubts whether it was ever true as stated here. But on the whole the facts seem reliable, well selected and well arranged. The reader will feel at every page that he is making progress toward an understanding of the subject of which the book treats. Whether he will realize the importance of that subject, whether he will not find the book dry instead of interesting, is another question, the most serious that can be raised in a review of Professor Cheyney's volume. One may cordially recognize the merits of the book, and be grateful for the advance it makes in many ways beyond others of the kind, and still lament this characteristic shared with them, that it will not attract a beginner, unless indeed it be expounded and amplified by an unusually gifted teacher.

There has been a general clamor lately against the "drum and trumpet" histories, and they have been driven out of fashion, because they gave to military operations and institutions an importance that no sound theory of history could justify. The reaction has led us into the period of "social" histories, which seem in danger of erring as far in the opposite direction. A social or economic fact is no better or worse than a military fact. It is of no use by itself, it is interesting to specialists when it is presented along with other facts of the same kind, and it seems and is important to the beginner or the general reader only when it is presented along with facts of a different kind, that enable him to appreciate its significance in the whole scheme of society. An introduction to economic history must not only describe the the economic institutions and events of a period, but must place them in their relation to the institutions and events of "general" history. Professor Cheyney explicitly recognizes this ideal in his preface, but one looks vainly in the appropriate sections of the book for a realization of it, such a one as even the immature condition of the social sciences would warrant us in expecting. We are told that the British Isles lie northwest of the Continent of Europe, we are told the names of the different sovereigns and a great many things about them and the various persons who lived under them, but we get no satisfactory idea of the relations existing between these things and the economic facts of which the book is full. The gap is tremendous, and until it is bridged the

different parts of history will be only half alive. The gap can be bridged, and must be, in books of this kind, by a far bolder use of generalization than the author has attempted. The work is hazardous, it implies the presentation of many unverified hypotheses, the suggestion of possibilities instead of the statement of facts; but the work is necessary to make an ideal introduction to the subject. German scholars like Schmoller and Breysig show what can be done in this line, and Professor Cheyney could have made a more fruitful use of their methods and results than he has done.

CLIVE DAY.

Yale University.

*Economics.* By Frank W. Blackmar, Ph.D. Crane & Co., Topeka, 1900—526 pp.

The preface of Professor Blackmar's book states that the work is designed as a text-book for beginners, and that it aims to present only principles permanently established. Such a book hardly calls for an extended examination of the views presented, since no claim is made for them as new contributions to economic science. It is perhaps doubtful, in view of certain recent writings, whether enough "permanently established" principles can be found in political economy to fill five hundred pages, but it would be unfair to hold the author to a strict interpretation of the phrase. The book aims to present economic theories that are widely accepted, and it is doubtless wise not to confuse the beginner with much discussion of disputed abstract points. It is questionable, however, whether the author has not sometimes held too closely to old theories and methods of presentation.

The established division of the subject into production, distribution, etc., is maintained and "the example of Mill is followed in placing the treatment of value and exchange after the treatment of distribution." There seems to be no reason for not following the recent practice of giving an early place to the discussion of value, and in the present case the theory of distribution presented certainly presupposes a clear knowledge of the modern theory of value. Within the various divisions the usual topics are discussed, frequently with more than usual amplification on the historical and descriptive sides. Thus more than half of the book on distribution is concerned with an account of coöperation, profit-sharing, trade-unions and socialism. The author maintains a moderate and fair-



mindful attitude in this and other descriptive parts of the work, but the amount of attention paid to a subject is not always in proportion to its importance, and frequently history or description is made to take the place of critical analysis. For example, it would have been better to devote the space given to Thomas More, Babeuf, Cabet, and Saint Simon to a deeper analysis of the claims of scientific socialism. Similarly the chapter on coöperation fails to bring out the real distinction between consumers' coöperation and producers' coöperation. Nevertheless a wide range of topics is covered with a constant effort at simplicity and fairness.

The theoretical part of the work is less satisfactory. It is marred too often by obscure, and sometimes by erroneous explanations. The treatment of the problem of population is inadequate and gives a false notion of the real questions involved. The section on distribution begins with a theory of the division of the value of a product among the different factors of its production according to their "value-creating power," determined by the marginal productivity of each. But in the separate sections on wages, interests, etc., this theory is not carried out. In the chapters on value there are one or two errors that are hard to account for. On page 295, the utilities of two incommensurable commodities are measured by curves drawn to the same coördinates, and their marginal utilities compared, with no mention of particular units. On page 298 a curve of price is given, drawn to coördinates which measure respectively demand and supply. Such a figure evidently has no meaning. In another chapter, however, proper use is made of the curves of demand and supply. In general it must be admitted that the theoretical problems of value and distribution are not treated with the conciseness and consistency which are especially desirable for the beginner.

There are a number of rather serious mistakes in printing, such as the omission of a whole word, and a few needless slips in citations. For instance, Hadley's "Railroad Transportation" is referred to under two different titles, neither of them correct. Some sample—outlines of topics for investigation are given which should prove very—useful to the student.

H. C. E.

*Government or Human Evolution. Individualism and Collectivism.*  
By Edmond Kelly, M.A., F.G.S. New York : Longmans,  
Green & Co., 1901—8vo, ix, 608 pp.

The first volume of this work was noticed in the YALE REVIEW for November, 1900. It was devoted to the development of the notion of justice which was found to consist in equality of opportunity. This is to be secured through the agency of government, and the degree of perfection attained by this agent of control and redress affords a measure of progress and of human evolution. The amount of this control is, at present, very inadequate. Too many individual inequalities are allowed, because the system under which we are working is competition, whose principle is selfishness. Only under collectivism can these inequalities be leveled and selfishness eradicated. Accordingly this second and concluding volume presents a criticism of individualism and, in detail, a scheme of collectivism, upon the basis of justice as equality.

In the discussion of "Individualism in History" the author has no difficulty in showing that there have been plenty of bad men who have corrupted the best of institutions and turned them to their own uses. This is regarded as proving that individualism is a lamentable failure. The chief cause is to be found in the institution of private property, which has become the fatal weapon of selfishness. At one stage of human development private property was useful in promoting self-control. Now, however, it has lost its disciplinary value and become an engine of oppression in the hands of men trained to self-control and superior to their fellows in economic productiveness and aggressiveness. Money wealth is accumulated in the possession of a few, and with it the control of other men as well as of material things. The evils are rather exaggerated when this control takes a corporate form, as with great business organizations on the one side and trade unions on the other. The institution of money as a standard of value and medium of exchange places all at the mercy of the "Tyranny of the Market" involving irregularity of employment, pauperism, prostitution and crime, commercial expansion, colonization and war. There has been a constant appeal to self-interest in the environment until men have become naturally, i. e. automatically, selfish. "Our bad instincts are to a great extent cultivated by the state," while the voluntary and conscious element in the "Social Mind" is left to religion and the family. By abolishing competition and money and restricting private property to a

for personal selfishness. Collectivism will in time bring about a subordination of social interest for self-interest, and men will become selfish animals like the ants in their coöperative communities. "Extreme Socialism is marked by habits of altruism and affection as illustrated by the bee, the ant and the man in the ideal Christian state." Then liberty will be achieved, for it is economic liberty that men desire, and this is freedom of security from want and from the threat that comes through wealth in the hands of others. Collectivism will guarantee this liberty.

The bulk of the book is devoted to showing how this may be accomplished in the collectivist state. Its working principle is the abolition of competition and "the distribution of national income in proportion to needs: the needs of every individual being recognized as practically the same." All will be paid the same amount in labor checks for the same labor day—not more than six hours—though those desiring may employ their surplus time in work in return for voluntary labor checks. These checks are to be good at the public stores for only a limited time and therefore incapable of accumulation. All the activities of life are to be regulated by a universal officialism. This system is to be gradually introduced, and in time human beings will become sufficiently perfected to operate it. In detail the scheme is extremely fanciful, not like anything ever realized on any scale for any length of time, unless very imperfectly in ancient Sparta.

The strength of the work lies in its keen sense of the present and coming difficulties of our social organization: its weakness in its entire failure to appreciate the biological foundations of that organization, and in particular to estimate the necessity of elimination through competition among all forms of life that are to escape retrogression. While it is true that selected human stocks are not especially fertile, it is only through them that progress has been secured, and great men are necessarily the product of an evolution, although they transmit only to intellectual heirs. The very infertility of distinguished families is one of the clearest indications that the individualistic basis of the social order of to-day is natural, since ability is not an ancestral monopoly of the few, but when born in any condition of life is recognized and rewarded at the present day. How is the collectivist state to perpetuate noble types as Mr. Kelly desires except by Plato's method of breeding, which he especially repudiates?

But struggle and survival is a moral as well as physical process among men. How can morality survive the monotonous guaranteed existence and all-embracing tyranny of collectivism? The same failure to appreciate the organic in human nature appears in the statement that "The one thing necessary to solve the economic problem is knowledge." This is not true of any social problem, for the roots of the difficulty are deep down in man's animal life. Human government cannot create an "artificial environment," as the author seems to think, since man must always be natural and not "artificial." Society is not entirely or even largely a "construction." It may be a weakness of men that they are not machines, but in that very weakness lies the opportunity for struggle and effort that occurs anew in every life. The guarantee of a livelihood merely, furnishes no sufficient incentive to effort—it has been observed to result in degeneration wherever tried—but the chance at wealth works wonders, for wealth is a universal means of control. Herein is a motive of surpassing vigor for which the collectivist state offers a shadowy substitute in the "good opinion of one's fellows." Parts of the Turkish empire and of Negro Africa are for different reasons without this wealth motive, which prevails most strongly among the most advanced peoples. The cost of this progress has to be sure been heavy,—witness our ugly cities, where poverty and crime concentrate,—but why must we be always destroying civilizations in order to reform the cities?

Mr. Kelly shows clearly the tendency of human selfishness to pervert all institutions, even the church, to its own uses; what likelihood is there then that the most gigantic institution ever dreamed of, the collectivist state, can escape a similar fate? Has the author not conjured up an entity which he labels "Individualism," and then charged to its account what should rather be credited to individuals? It is easy to object to his mistaken notion of the family life of the Veddas or to the claim that "Christ was the great adversary of Individualism," or to his contention that pauperism and prostitution are economic in origin, and so likely to disappear from the collectivist state. The weakness of the constructive portion of the book affords the best answer to the vigorous and suggestive but narrow criticism at the beginning.

D. COLLIN WELLS.

Dartmouth College.



*The North-Americans of Yesterday, A Comparative Study of North American Indian Life, Customs, and Products, on the Theory of the Ethnic Unity of the Race.* By Frederick S. Dellenbaugh. Putnam, 1901—8vo, xxvi, 487 pp.

This volume will appeal most directly and strongly to the teacher of social science and ethnology. The chief motive of the author seems to have been to select from cumbersome works on North American ethnography such typical data and apt pictorial illustration as would set before the educated public the personality and life of those who were lords of the land but "yesterday." This difficult selection has been made with discrimination and witnesses to the hardheadedness of the actual investigator who can always test what he has not himself witnessed on the touchstone of personal and prolonged experience. There is no such popularization as would vitiate and demoralize sound scientific method, while, on the other hand, the reader is spared controversy, hair-splitting distinctions and gossamer theories.

Such qualities in a college text-book would appeal to all instructors; they are also such characteristics as attract the more than passing attention of the educated class as a whole. Men who have no time to pore over the Reports of the Bureau of Ethnology will find in the present volume answers to many questions which they have often asked themselves and adequate refutation of several "popular theories" to which they have been unable from reasons of native common sense to subscribe. Moreover, the style of the book is perhaps the most attractive thing about it. The interest of the author follows his subject to the remotest footnote, with the inevitable result of sustaining the interest of the reader; the author is a live man, with strong sympathies—if the cause of the dispossessed Americans is pleaded with some warmth, this generous *parti pris* detracts in no way from the usefulness of the work, while it does add decidedly to its human interest. There is nothing small, petty or academically whimsical in the book; the sarcasm which Prescott's flowery and idealistic narrative provokes, is kindly, and scorn expressed for this or that absurd theory has no bitterness in it.

Apparently this work was not written for the use of the investigator; it is not destined to serve as an original source of any great moment. Powell, Boas, Cushing and other direct observers are responsible for much of the material employed, though the author's own experiences are tellingly drawn upon from time to

ime. He has a way of extracting the really valuable ideas of men like Brinton from other more flimsy matter which he courteously puts aside. This is, of course, a great service to the lay reader, when he feels that he can trust his author.

Along with other practical observers and careful scientists, Delenbaugh is consistently hostile to cut-and-dried systems, to the conventional use, for example, of such terms as "palaeolithic" and "neolithic." All such neat classification for multiform material is rejected, for the writer is a firm believer in the all-powerful influence of physical environment, producing here one form and there another, according to circumstances, but presenting no hard and fast lines of sequence and evolution. He is convinced also of the essential unity of *Homo Americanus* and is satisfied that any considerable migration from Asia must have come before the descent of the ice-sheet that compressed America's population and thus formed a homogenous type—an ethnic unity. In this book, therefore, especial ridicule is heaped upon those theories which, for example, assign the Moundbuilders to an anterior and higher civilization, and insist upon the presence of Old World influences on Mayan and Aztec culture. The author's views on this subject are summed up as follows (p. 458): "—it seems that the Amerindian race, while originally composed of different elements, was, as a body, separated from the other peoples of the world, at a remote epoch, and by peculiar climatic and geographic influences, welded into an ethnic unity, which was unimpressed by outside influences till modern times."

Strenuous objection is made to the popular attitude of contempt and heartlessness toward the Indian; the Redskin is not naturally bloodthirsty, nor lazy, nor a vagabond, though he has been degraded by the cruel and debasing treatment he has received at the hands of the whites and their government. The enormous profits of the trade in spirits (sixty gallons of alcohol bought furs, etc., to the value of \$6,000) attracted the least scrupulous of the "higher" race into direct contact with the "lower."

The investigator will miss fullness and precision of references and the philologist may object to such term as "Amerind" (explained p. 2); excursions of the writer into fields of geology and anthropogeny may not yield entirely satisfactory results. But the work is none the less unique in its value to the younger student and the general reader. A just and earnest plea is put forth for the study of American archæology—a field so rich, yet so long

neglected for well-worked European ground. We are warned that what is to be done must be accomplished speedily and are urged to promptness of investigation wherever the chance is offered, for precious opportunities are likely soon to pass away forever.

A. G. KELLER.

Yale University.

*Social Control, A Survey of the Foundations of Order.* By Edward Alsworth Ross. The Macmillan Co., 1901—463 pp.

The author states that "it is the purpose of this inquiry to ascertain how men of the West-European breed are brought to live closely together, and to associate their efforts with that degree of harmony we see about us" (p. 3). In the course of this investigation many interesting points are developed and many issues aptly stated; the work, however, does not leave in the mind an impression of singleness and comprehensive grasp. The treatment is far from incisive; the style too free and easy, not to say undignified; there is a profusion of literary and other allusion, embellishment, etc., whose presence witnesses to abundant reading and wide sympathies, but obscures the line of thought with superfluous frills and ornament. We read of the distaste of miners for "biled" shirts; we meet "Tom, Dick and Harry" as lay figures; we hear of a "Walpurgis-night of feeling and folly"; we find that "Like the hypothesis that storks bring babies, the theory that moral instincts beget control has a distressing lack of finality" (p. 67). All this is out of place in a serious scientific treatise.

Despite its defects—which could be easily remedied by revision and by condensation of the volume into one-half its present size—this work has much of good in it. The author leans somewhat to metaphysics and psychology, but his conclusions are in general hard-headed and sane. The subject he has chosen is a difficult—possibly untimely—one in the present stage of sociological inquiry; the inadequacy of most syntheses in this new science perhaps indicates that their presence is premature. The volume is provided with a full index.

A. G. KELLER.

Yale University.

*The Social Life of the Hebrews.* By the Rev. Edward Day. New York: Charles Scribner's Sons, 1901—16mo, viii, 255 pp.

*Jesus Christ and the Social Question.* By Francis Greenwood Peabody, Plummer Professor of Christian Morals in Harvard University. New York: The Macmillan Company, 1900—16mo, 374 pp.

Among the tasks still waiting to be accomplished, is an accurate and adequate account of Israel's social and political development, and of his influence on the social and political development of the western world. The important treatises in this field—such as those of Michaelis, Saalschütz, Salvador and Wines—were all written before the era of historical Biblical criticism on the one hand, and of scientific sociological study on the other. Criticism has played havoc with the sources, as these authors understood them; and sociology has set new questions, and put the old ones in fresh light. Sir Henry Sumner Maine, John Stuart Mill, Walter Bagehot and Woodrow Wilson are among the "secular" scholars who have recognized the importance and fascination of this field of study, but neither they nor others of like ability have undertaken its exploitation. Archæologies, like those of Ewald, Nowack and Benzinger, the researches of such orientalists as Robertson Smith, and various monographs by such Jewish scholars as Lazarus (*Die Ethik des Judenthums*), Hertzfeld (*Handelsgeschichte der Juden des Alterthums*), Klugmann (*Die Frau im Talmud*), and Farbstein (*Das Recht der unfreien und der freien Arbeiter*, etc.) have thrown light on a good many points; but we must wait until Biblical criticism shall have arrived at more secure results—and that will perhaps be a long time—before a really satisfactory treatment of this subject will be possible.

Meantime, we welcome Mr. Day's little book—the third in the projected "Semitic Series," which Professor Craig, of the University of Michigan, is editing. It is conceived in the right spirit, and executed with ability.

Professor Peabody's volume is, in our judgment, the most satisfactory among the multitudinous books of "Christian Sociology" which have lately appeared. We should have been spared a number of these works, if their authors had paused to consider that two qualifications are, each and equally, essential to success in such an undertaking—critical New Testament scholarship, and wide acquaintance with sociological fact and literature. These qualifications Professor Peabody possesses, at least in sufficient measure, and they give to his book a breadth, a sanity, a wisdom, and a closeness of application, which are admirable.

W. F. B.



*La Vie Ouvrière en France.* Par Fernand Pelloutier, Enquêteur à l'office du Travail, et Maurice Pelloutier. Paris: librairie C. Reinwald, 1900—8vo, 344 pp.

*America's Working People.* By Charles B. Spahr. New York: Longmans, Green & Co., 1900—8vo, vi, 261 pp.

These books illustrate two diametrically opposite methods of dealing with a subject. The authors of *La Vie Ouvrière* are evidently socialists who look at their theme pathologically. They paint a dark picture of the workingman's life in France. The book is divided topically, separate chapters treating of labor, wages, women's labor, child labor, professional mortality, alcoholism, etc. No particular district or place is described, but statistics are quoted, some of them official, some of them apparently collected by the authors, to prove how miserable the life of the French workingman is. Not all of these figures apply to France; many of them apply to other countries. In the chapter on the duration of labor, e. g., the authors quote the census figures purporting to show the cost of raw materials, the value of the products, the wages of labor, and the profit of capital in the United States. These figures are at best of doubtful value for the United States, and, of course, have no application to France. In fact, the statistical material is used in an uncritical manner, everything being apparently good which serves to prove the general thesis of the misery of the working classes. A good example of the authors' reasoning is seen in such generalizations as the following: "Here, indeed, is the explanation and the condemnation of the *bourgeois* economic system. The rate of wages is inversely and the duration of labor is directly as the sum of physical energy which each profession demands." The diminution of the average deposit in the savings banks of England is interpreted to mean, not that a larger proportion of the poor population save, but that the wealth of the mass of the people is diminishing. Nor can the statements of fact always be implicitly relied upon. A reference to the "State of New England" is, perhaps, not surprising in a French book; but the authors should not have stated that children are allowed to work in English factories at ten, when the limit is really eleven. And to attribute alcoholism to the "economic crisis, which, in reducing the purchasing power of consumers, has obliged the producers to sell their drinks at a low price, manufactured, consequently, of deleterious substances" is certainly more than an exaggeration.

It is refreshing to turn from this sombre picture to Dr. Spahr's book. There are few statistics and no theories in this work. Every-

thing is concrete. The author undertook a journey in order to see with his own eyes certain phases of life in our country, and he has apparently seen very clearly and very justly. He covered too large a field to be thorough in any one part. From the factory towns of New England to the factory towns of the South, from the coal mines and iron centres of Pennsylvania to Utah and the North-western farm, he wandered in search of material. He found many phases of life, and he describes them with a vividness and a frankness which make his book not only instructive but entertaining. The favorable opinion which he expresses of the negro as a factory hand is interesting, as running counter to a common belief. Particularly suggestive now, in view of the recent strike, are the impressions made upon him by his visit to the Carnegie Steel Works. After describing with genuine enthusiasm the wonderful organization of the company and the skill with which talent is brought to the front, he says: "During the two days that I was under the escort of the men in charge, I received but one unfavorable impression. This came from the spirit in which the workmen did their work. They were cheerless almost to the point of sullenness . . . The sullen attitude, indeed, was absolutely intangible, and when my escort said that he had not observed it, there was really nothing that I could point to as evidence. . . . If all that I saw while with the managers of the Carnegie works might be described under the title of 'Triumphant Democracy,' nearly all that I saw while with the men might be described under the title of 'Feudalism Restored.'"

The description of the northern farm is perhaps the most attractive part of the book. The picture which Dr. Spahr gives of the intelligent American farmer, with his well-selected library, his independence of character, his high moral tone, is a picture that should not be lost sight of when we are tempted to fall into pessimism by the growth of great cities, political corruption, and industrial controversies. In this type, we have the real backbone of the nation, and as the author says, "it is here that the immigrants are most thoroughly assimilated, and social institutions most completely dominated by the American spirit."

H. W. F.

*Elements of Statistics.* By Arthur L. Bowley. London: P. S. King & Son. 1901—8vo, viii, 330 pp.

Every library has shelves filled with books containing what are called statistics, and to these the student of economics or sociology must often turn for information. In some cases there is a brief

introduction to the columns, stating the method followed in collecting and collating these figures, but more often nothing is said about it. The figures are given, the conclusions in many cases drawn, and the rest must remain to us a mystery. The student is forced to blindly accept the figures, to make allowance for the probable error, or to omit them altogether. In case he wishes to become acquainted with statistical method before attacking some problem, where shall he turn for the instruction desired? He might gather it from the writings of Dr. Mayr, Dr. Newsholme, M. Block, or Professor Lexis in case he can use all of these authorities. If English is the only language at his command, he may turn to the work of Mayo-Smith, but will be surprised to find mathematical formulæ entirely lacking and no mention made of the application of the theory of probability. He may read the contributions by Professor Edgeworth, but it is likely he will be unable to follow his reasoning without previous training in the subject. It is to meet this lack, to provide a work that can be used either as a text-book for a course in elementary statistics, or as a guide in method to one pursuing original research along some line where conclusions are to be reached by the correct use of figures, that this book was evidently written. It is a praiseworthy attempt to point out the way from the moment of deciding on the scope of the investigation, to the graphic representation of the results. It may be that to the scientist diagrams furnish but little assistance, but since a large part of such work is done for the general public, Professor Bowley is right in devoting considerable space to the treatment of the various methods to be employed in making the returns more easily grasped. Not only are the formulæ developed and carefully explained, but in most cases concrete examples are taken to show their practical application. With one or two exceptions these figures refer to the United Kingdom, but this can hardly be considered in the light of a defect in a text-book of this nature. The chapters on Averages and Accuracy are particularly good. The second part of the book deals with the application of the theory of probability to statistics, and the mathematics of the equation of the curve of error and the theory of correlation may be found too difficult for the average student, but by one who wishes a good knowledge of the subject little can be omitted. Throughout the book the calculus is never used except when absolutely necessary. As a whole Professor Bowley has made a very commendable attempt to supply a grievous need and his work is the best we have in English for the purpose for which it is intended.

W. B. BAILEY.

Yale University.



*A Study of Social Morality.* By W. A. Watt, M.A., LL.B., D. Phil., Glasgow. Edinburgh: T. & T. Clark, 1901—16mo, xiii, 293 pp. Imported by Charles Scribner's Sons, New York.

This work hardly meets the expectations aroused by its title. It is rather a study of ethics than of morals, and its standpoint is quite as individualistic as social. It contains no discussion whatever of such topics as competition, luxury, prostitution and patriotism, and it deals inadequately with such subjects as war, property rights, divorce and crime. The book contains a good deal of careful and subtle reflection, and a considerable number of shrewd and striking observations on various subjects, but it is marked by a certain indirection and inconclusiveness of thought, and a somewhat haphazard ordering of topics. The psychological, the philosophical and the critical elements seem to us to be in excess, as compared with the concrete, the historical and the constructive. And the psychology is not, like that of Tarde and Baldwin, genuinely genetic and social, but individualistic. The first chapter treats of Justice, and the second of Benevolence; but we do not find in them any clear and simple definition of either the one virtue or the other. An initial doctrine of benevolence, thorough-going and universal, such as New England ethics has been wont to postulate, would, we think, have corrected and clarified the subsequent discussion.

The title of the work inevitably suggests comparison with Frederick Denison Maurice's lectures on *Social Morality*, delivered and published a third of a century ago. And on the whole, we think the older book still remains the more instructive. W. F. B.

*Studien zur Theorie und Geschichte der Handelskrisen in England.* Von Dr. Michael von Tugan-Baranowsky. Jena: Fischer, 1901—425 pp.

This is an enlarged edition of an earlier work in Russian, published six years ago. Its distinctive feature is a combination of historical description and theoretical analysis, a combination which is especially important for a discussion of crises and one which has been successfully carried out by the present author. The historical portion is wisely confined to a description of English crises, and even this is made as concise as possible. Three separate periods are recognized, the era of early trade expansion under the impetus of technical improvements to 1847, the era of free-trade prosperity to 1873, and the era of comparatively quiescent trade to the present time. The trade fluctuations of each period are treated succinctly and independently, and the fundamental feature of each is usually



clearly presented, as in the interesting account of the relation of exports and foreign credits to the crises of 1825 and 1857. Sometimes the author seems to give too little credit to elements in a panic that have been considered all-important; for example, in his treatment of the railroad building that preceded the crises of 1847.

The historical part is followed by two other parts, an analysis of the causes and an analysis of the effects of crises, in both of which the historical facts are used to advantage. The theory of gluts of Sismondi, Malthus and Chalmers was supposed to have been completely demolished by the school of Ricardo and Say, but despite the seeming victory of the latter in the argument, the theory of the former seems to possess extraordinary vitality. Inadequate as that theory is, it at least contains more truth than that of the classical writers. It is not possible to follow the author into his criticism of particular writers, but in the main he takes his stand with such writers as Hobson, whom, however, he criticises at many points. Dr. von Tugan-Boransky does not accept the theory of under-consumption as in any sense an adequate solution of the problem, but he does give it his adherence in so far as it maintains the possibility of sporadic increases of capital goods beyond the immediate possibility of their utilization. He makes much of the not unfamiliar idea of a lack of "proportional division of production" in modern industry. This is sufficiently indefinite in itself, but since, as this volume shows, no specific and concrete economic situation is the uniform cause of panics and hard times, we can hardly expect an explanation that is at the same time comprehensive and concrete. The author's desire to keep close to actual causes has led him to minimize the psychological element in the periodicity of crises, which is none the less a true cause because immaterial.

The last section of the book is devoted chiefly to the problem of the unemployed as the most serious social evil resulting from fluctuations in industry. This section appropriately rounds out a discussion which has a completeness and unity not common in works on the same subject. The author believes that crises and their evils are inevitable results of the capitalistic system of industry in which not the satisfaction of social wants but the accumulation of employers wealth is the immediate end of the productive process. He sometimes seems to forget, however, that it is not the relation of employer to employed, but the competition for an uncertain market that is the immediate difficulty. The only escape from competition would seem to be in socialism and the author is doubtless socialistic in his sympathies. His hope, however, of a system of social production in which the required "proportional division" will be forthcoming is supported by no argument.

H. C. E.

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impulse, and the celebration was in itself a good exhibition of the merging of the individual in the cause which he is furthering. Within the University circle, this coöperation was most cordially carried out between the faculty and the students, as well as between the residential part of the college community and the graduates. There was a like hearty coöperation between the University as a whole and the State and town, whose citizens showed a liberal hospitality towards its guests; there was also coöperation between Yale University and other universities of this and foreign countries, which may be well described in President Eliot's felicitous phrase as "zealous workers in one cause." The program itself bore unconscious testimony to this feature in the subjects chosen for the addresses. In marked contrast to those delivered at the Glasgow celebration, which dealt largely with the lives of eminent individuals, the Yale addresses dealt with groups, coöperating in the furtherance of public objects.

This practical illustration of the power of coöperation has given a solidarity to university interests and an emphasis to university ideals, which cannot fail to be productive of practical results. It has displayed to the foreign delegates in particular a source of national power often overlooked by the ordinary traveler, who is so impressed with the material wealth of the country, its machinery and its manufactures, its hogs and its wheat, that he honestly believes our civilization to be entirely material. The whole celebration is thus taken out of the class of pageants and amusements; it becomes even more than a purely educational demonstration and rises to the level of a civic force in the community. This character of the celebration was especially emphasized by the presence on the platform of men conspicuous for their adherence to high ideals in their public careers, such as Mr. Hay, Mr. Low, and Mr. Roosevelt.

It is a peculiarity of monarchies that the accession of a new ruler is normally the result of the death of his predecessor, so that congratulations are almost always tempered with tears. Anarchy, in its criminal folly, forces the application of the monarchical principle by bringing a new ruler into office amid universal sorrow, and furnishes a new illustration of the meeting of

extremes. But though a tragedy was the immediate occasion of President's Roosevelt's accession, it was in no sense its cause. His nomination to the vice-presidency differed from that of most nominations to the same office, in that it was the direct result of the demand for his nomination to the presidency. He was the natural successor of President McKinley, and his elevation to the chief magistracy loses none of its significance on account of the crime which hastened it. This significance lies in the fact that we have a president whose claim to the office is not based upon his partisan orthodoxy, personal intrigue, or political agitation, but solely upon character and efficiency in various administrative offices. It was as Civil Service Commissioner of the United States, as Police Commissioner, as Colonel of Volunteers, and as Governor, that he showed the ability, the honesty, and the courage which brought him the Presidency. He is also one of the few presidents in our history who may be said to bring into public office those political ideals which it is the privilege of universities to foster and inculcate. Whatever differences of opinion may exist regarding his policy on the political questions of the day, a policy regarding which he has had, since his accession, few occasions to express himself, all will agree that he stands preëminently for efficiency in the public service, and all who believe in efficiency must be, on that point at least, his supporters.

Even more significant is the election of Mr. Low as Mayor of New York. In the short campaign which preceded his election, the lines were sharply drawn between those who advocated, many of them in good faith, the government of the city through the party machine, and those who believed in a non-partisan municipal government, based solely upon efficiency. While the shortness of the term undoubtedly restricts the power of the new mayor to carry out fully the ideas which he represents, and while it is not at all impossible that in some future election the city of New York, like the biblical sow, may temporarily return to the mire in which it has been wallowing, his election is significant of the beginning of a new and better era in municipal affairs as well as of a new and more vigorous influence of the university upon the State than has been possible in our past history.

These events must give a new courage to those who are teaching economics, history, and public law in our universities. They

must also give them a new and increasing sense of responsibility. For the presence of but a few men of the type of President Roosevelt and Mayor Low in public office is sure to bring to the test of practical experience the work of our classrooms in a manner which has hardly existed before, except in the case of the scientific schools. This means a wholesome reaction between public and academic life, which ought to lead to the elevation of the one and the broadening of the other, and which will usher in a new period of university influence.

Good statistics are always a help to good government, and often an indication of its quality. The mere fact that they are collected shows an appreciation of the scientific demands made upon the modern administration. It is, therefore, encouraging to note the progress made by the Federal Department of Labor in the collection of statistics of cities. This branch of its work was first provided for by the Act of July 1, 1898, which authorized the Commissioner of Labor to publish annually as a part of the Bulletin, an abstract of the main features of the official statistics of cities of the United States having a population of over 30,000. The first publication of figures in pursuance of this act was made in the Bulletin for September, 1899, when statistics of 140 cities were gathered together. These statistics embraced seventeen different tables, and covered 74 pages. In the following year, it was ascertained that some cities had been erroneously included in the list, on account of an over-estimate of their population, and only 129 places were covered, but the tables were expanded to nineteen, partly by the addition of one giving marriages and births. The third publication, which was made in the Bulletin for September, 1901, shows a marked advance upon its predecessors. The number of pages is almost double the number printed in 1899, while the completion of the Twelfth Census has made it possible to ascertain more accurately the population of the cities, and to know which to include. One hundred and thirty-five are now dealt with, and twenty-three different tables of figures are presented. In some cases, the addition of a new table results simply from the splitting up of an old one, but in other cases new

data are dealt with. Notable is the addition of a table giving the death-rate of the population by causes, and of another giving the figures regarding the different kinds of street lights. We now have, therefore, a compilation of figures regarding the most important phases of municipal life, including the population, the police and fire departments, vital statistics, streets and parks, charities, municipal works, water, gas, and electric light plants, and finance. Somewhat curiously, there is not one table which deals directly with any topic specifically relating to labor, but the figures are none the less useful on that account, and tables relating to this subject may be added later. This publication naturally suggests a comparison with the "*Statistisches Jahrbuch Deutscher Städte.*" Though the latter has been running now for nine years, and has grown to a volume of over 400 pages, it does not cover many more topics than those covered by the Department of Labor. Among those which might be advantageously introduced, provided the figures could be obtained, are those relating to traffic on the street railroads, to employment bureaux, and public emergency works for the unemployed, and to the prices of articles of food. But while not quite so comprehensive as the German publication, our tables have the advantage of being fresher, those published this year, for instance, dealing in the main with the fiscal year ending January 31, 1900, while the German figures are usually two or three years old. As regards the cities investigated, the German figures are also less complete, since their figures are limited to cities of 50,000 inhabitants and over, and only 46 of that category furnished data.

The beginning of this publication by the Bureau of Labor not only helps to promote good government, but also furnishes the means of criticising bad government. This is notably true of the statistics of disease, where the marked variations in the death-rate from so-called filth diseases can hardly fail to be attributed, in part at least, to the varying efficiency of the sanitary authorities of the cities concerned.



## FOREST PROBLEMS IN THE UNITED STATES.

EVERY country has to learn its lesson in forestry from actual experience. More than a century ago the practice of forestry was forced upon the countries of Europe by the disastrous results following the mismanagement of their forests. Yet with such examples before us we have only begun in this country to pay attention to the subject when compelled to do so by the growing scarcity of certain classes of timber, and by the disturbance of the flow of many of our rivers owing to deforestation at their headwaters.

Forestry has been considered seriously in the United States only within the last few years. To be sure, for twenty-five years or more, there has been some agitation of the subject by a few individuals and associations, but no definite measures have been undertaken until very recently. Forestry has now become a common topic of conversation, and of discussion in the press. The public at last realizes that it is one of our most important economic questions, and one which requires immediate attention. The awakening of the country at large to the importance of forestry is due in part to the press and in part to the efforts of the leaders of the profession, but the movement has reached its present encouraging stage largely because lumbermen see near at hand the end of the virgin supplies of certain kinds of trees, and because the flow of many rivers has been so disturbed as to seriously injure manufacturers who depend on them for power and agriculturists who use their waters for irrigation. The need of a more intelligent management of our forests is now recognized very generally, but it is not clear to most persons just where and how the principles of forestry can be practically applied.

Until very recently there has been little thought of a possible scarcity of timber in this country. Stocks of lumber are usually in excess of the demand, and lumbermen are constantly seeking new outlets at home and abroad. But the practical exhaustion

black walnut, except in a few remote localities, the growing scarcity of prime white oak, and the sudden falling off of the output of white pine in Maine, Pennsylvania and Michigan, has opened the eyes of the lumberman, who sees his sources of supply retreating further and further, and consequently the cost of transportation constantly increasing, who sees the price of timber and timber land becoming higher and higher, and the margin of profit becoming ever smaller, and who sees that either now or in the near future he will be forced to abandon his business or to move into a new section of the country. This has led to a widespread discussion as to the extent of the remaining supplies of timber, and as to what can be done to conserve them.

A century ago there was practically no such thing in the United States as a lumber industry, as the term is used to-day. There was a population of some five million people who used a large quantity of wood and lumber. But the area occupied by this population was heavily wooded and every town and city had an abundant supply at no great distance. Even large centers like Boston, New York and Philadelphia were able to obtain supplies by water from sections comparatively near at hand.

In the first half of the century, lumbering was done chiefly by a large number of small concerns. On every convenient stream were saw-mills which manufactured lumber for the local demand. Larger towns were supplied with timber cut on the banks of the rivers and driven or rafted down stream. Many of the mills were run like country grist mills, with which they were frequently combined. The lumber business was carried on principally by small concerns up to a comparatively late date. The Census of 1840 returned thirty-two thousand saw-mills with an average value of only about four hundred dollars each. Since that time the character of the lumber industry has been entirely changed, largely through the extension of the railroads. The lumber market then changed from a local market to one of almost continental extent. Large distributing centers, to which lumber is shipped from all parts of the United States, have been developed. Lumber grown in Maine, in the far South, and even on the Pacific Coast may now be bought of any of the dealers in our large cities.

It has been the policy of the government and the individual States, during our entire history, to dispose of timber lands as rapidly as possible to encourage settlement. In early days immense fortunes were made in the lumber business. Capital was quickly attracted to investments in forest property, with the result that the forests in the East were rapidly acquired by private owners. Keen competition sprang up between lumbermen, and lumber was made plentiful and cheap. This competition, the ease of transportation, the abundance of the supply, and the consequent low prices, forced the lumbermen to devise cheaper methods of lumbering. Under this stimulus the finest logging devices and the most effective milling machinery in the world were invented.

With these improved appliances forests are cut away with great rapidity. It is not unusual for a logging crew to cut down, trim off branches and saw into logs, in fifteen minutes, trees which required two centuries for their growth. It is impressive to watch the operation of logging engines in the forests of the Pacific Coast. These engines are equipped with cables often a mile in length, which are run out into the forests and which are used to drag logs six feet or more in diameter and weighing many tons, through the woods, uprooting trees and tearing up the soil. In some modern saw-mills five or six hundred trees are completely manufactured into boards, beams and laths, or other lumber, in a single day. With such facilities there is no wonder that our virgin forests are disappearing.

Forest products have always been so plentiful and cheap in this country that the American people have used wood and timber recklessly. Our per capita consumption of wood is now nearly three hundred and fifty cubic feet per annum, which is nine times that of Germany and twenty-five times that of Great Britain.

A statement of the amount of wood annually taken from our forests does not mean much to those who are not familiar with the customary units of measuring timber. It is surprising to learn how much wood is used for a single purpose. The amount of timber used annually for boxes and crates is equivalent to the yield of fifty thousand acres of virgin forest such as is found in northern New England. In the United States four million feet

of pine lumber are used every year for matches, or the equivalent of the product of four hundred acres of good virgin forest. About six hundred and twenty million cross ties are now laid on American railroads, and ninety million new ties are required annually for renewals. The amount of timber used every year for ties alone is equivalent to three billion feet of lumber. There are now standing nearly seven and one-half million telegraph poles. The average life of a telegraph pole is about ten years, so that nearly seven hundred and fifty thousand new poles are required every year for renewals. These figures do not include telephone poles and the poles required on new railway lines. The total annual consumption of timber for ties and poles is equivalent to the amount of timber grown on one hundred thousand acres of good virgin forest. For making shoe pegs the amount of wood used in a single year is equal to the product of fully thirty-five hundred acres of good second growth hardwood land. Lasts and boot trees require at least five hundred thousand cords more. Most newspaper and packing paper is made from wood. Although this industry has been developed only within the last 40 years, yet the amount of wood consumed for paper during that time has been enormous. At the present time one of the great New York dailies is said to use every day one hundred and fifty tons of wood pulp, requiring for its production two hundred and twenty-five cords of spruce. The total annual consumption of wood for paper-pulp is equivalent to over eight hundred million board feet of timber, for which it would be necessary, were the trees all growing together, to cut some eighty thousand acres of prime woods. And so it would be possible to go through the list and give figures which in every case are astonishing. We are now using for the lumber and paper trade about forty billion feet of lumber a year, which is equivalent to the product of about four million acres of good virgin forest,—an area equal to Rhode Island and Connecticut combined,—and yet this does not include the wood used for fuel, which is four and one-half times more.

Even these figures do not represent the entire drain upon our resources, for every year thousands of acres of forest lands are entirely destroyed by fire. During 1899, the total money loss



through forest fires, including damaged timber, loss of camps and other buildings, was about twenty million dollars.

Alarmists have taken up the question of wood supply and have endeavored to estimate how soon our timber will be exhausted. They have estimated the total amount of standing timber in the United States and have divided this by the annual consumption. Their conclusion is that the supply will be exhausted in fifty or sixty years. These speculations are very misleading, and are unnecessarily alarming. In the first place, they are based upon very unreliable data. In the second place, they leave entirely out of account the growth which will accumulate during that time. Moreover, they assume that all the timber we use is supplied from our own forests. As a matter of fact, we import large quantities of pine and spruce from Canada. The value of our imports of wood and manufactured wood is nearly one-half of the value of our exports.

Furthermore, the estimates of the alarmists entirely ignore timber not now merchantable. In fifty years uses will be found for many species which are now considered worthless. Then, too, we shall in time make use of much smaller trees than now. Not that we cannot actually use small trees now, but there is such a supply of large logs on the market that small trees cannot be sold. The alarmists have gone too far. We may be sure that our supply of timber will not be exhausted in fifty or sixty years; nevertheless the situation is serious, and an extremely economical management of our forests will be required to supply the country with timber.

The production of timber is not the only function of forests, which are also important as regulators of stream-flow and climate, and as protectors of mountain soil. The effects of deforestation are often exaggerated, but beyond dispute forests exert a beneficial influence on climate and tend to prevent floods as well as low water in streams and rivers.

Forests, if sufficiently extensive, are the most effective regulators of stream flow. They check evaporation and hinder the drying up of brooks and springs. They retard the sudden melting of snow and prevent rapid run-off of water, which then gradually replenishes the springs and streams. Thus they tend

to lessen the spring floods and to maintain a steady flow during the summer.

It is unfortunate that scientists have no complete data regarding the exact influence of the removal of forests on the flow of streams. Extraordinary floods are usually attributed to the destruction of the forests by lumbermen and fire. As a matter of fact, many large floods are caused by an unusual precipitation over an entire watershed, including the portion of it under cultivation; and the influence of recent cutting in the mountains may be comparatively small. Again, low water is often attributed to the destruction of forests at the headwaters of rivers, when the draining of swamps and the clearing of land for agriculture has as much, if not more, effect. Sometimes the total clearing of forests in the humid East affects the flow of rivers only temporarily, for trees and brush spring up in a few years, and, even though the growth may be composed of species of no commercial value, they cover the soil and perform the indirect function of forests in regulating the run-off of water. While the effect of deforestation is often overestimated, it is certain that it has sufficient effect on the waterflow, even in the humid regions, to make it necessary to preserve the forests at the headwaters of the rivers. In the semiarid regions of the West, this question is of even greater importance, for there the conditions required for stable forest life are far less favorable than in the East. The reproduction of the trees is not as certain, and the forests do not recover as quickly from damage by fire and lumbering. In many places, particularly in the neighborhood of large mines, forest lands are completely stripped for mine timber and for fuel. In the Black Hills of South Dakota there are stretches of bare mountains which twenty-five or thirty years ago were covered with dense pine forests. These trees were cut to supply the gold mines near Deadwood. Thousands of acres have been cleared in the same way in Nevada for the great Comstock mines, often called the tombs of the Sierra forests. And these are but two of a great many examples.

The removal of the forests of the West is undoubtedly affecting the water flow. How much we cannot say, but certainly enough to make it necessary to preserve them in the interest of

farmers, manufacturers and miners. An ideal condition can, of course, never be brought about. Forest land will inevitably be cleared for agriculture, and swamps will be drained. Through these changes the flow of streams will undoubtedly be influenced, and there will be occasional floods and droughts which cannot be altogether averted. The preservation of forests at the headwaters of rivers will, however, go a long way toward the regulation of their flow, but this must be supplemented in many cases by the construction of storage reservoirs which will hold back the flood waters to be used during the dry season.

In Europe the forests at the headwaters of the streams are largely owned by the State or by communities. When they are in the hands of private individuals the owners are often compelled by law to provide for replacing the forests as they are cut off. Such interference with private rights would not be tolerated in this country. The question can, therefore, be solved only through the control of the land by the federal government or the States. The forests at the headwaters of most of the streams in eastern United States are owned by private individuals and corporations. The purchasers bought them as an investment with the expectation of removing the timber for profit. These men cannot be expected to solve the problem of forest protection at a sacrifice of their business interests; they cannot be expected to become philanthropists and protect the manufacturers on the streams below.

It is contended that the lumberman has no right to treat his property in such a way that it will injure others. But it is not now possible to say that the removal of a certain group of trees will produce bad effects. The lumberman will take the ground in every case that the removal of the timber on his land can not affect the stream flow in any way, and, while it is known that the deforestation of large areas does affect stream flow, it cannot be said, with our present knowledge, that the removal of trees from limited areas will produce certain results. It is a problem, therefore, which can be solved only by the whole community, that is, the States or government, which should own the land at the headwaters of the streams.

The State of New York has established reservations in the Adirondack and the Catskill Mountains, primarily to protect the

flow of the streams. Pennsylvania is buying large tracts of land at the headwaters of her streams, and a number of other States are likely to follow her example. The federal government has set aside no less than fifty forest reserves in the mountains of the West, or about one-fourth of the public forest area, chiefly to protect the headwaters of the rivers. It is hoped that at least fifty million acres more of public land will eventually be reserved, and also that the government will establish some forest reserves in the East by the purchase of land from private owners. An attempt was made during the last session of Congress to create a great Forest Reserve in the southern Alleghenies, covering the headwaters of the important rivers in Virginia, the Carolinas, Tennessee and Georgia. American foresters are confident that before long there will be public forest reservations in nearly every State and Territory, and also that it will be possible to place these areas under honest and efficient management.

The question of supplying water to cities and towns is as important as the regulation of river-flow for manufacturers and farmers. Water companies everywhere now see that they must control the entire watershed about their reservoirs. This is necessary not only to protect the forest, but also to exclude undesirable inhabitants and prevent pollution of the water.

The forests of the United States comprise an area of about eleven hundred thousand square miles. Less than one-third of this area is owned by the government and the States, the remainder being in the hands of private concerns and individuals. It is probable that in a comparatively short time the forest lands belonging to the government and States will be under such careful management that the timber cut will not exceed the increment of the forests. But these forests are held chiefly to protect the streams, and are situated on the mountains where the soil is meager and unproductive. Their yield will, therefore, be less than that of an equal area of land better situated. They may supply local demands, but for the bulk of our future supplies we must rely upon the lands in the hands of private owners, who are not inclined to manage their property with a view to future generations.



Between one-third and one-fourth of the private forest land in the United States is in small holdings of from ten to five hundred acres. The remainder is controlled by lumbermen, lumber and paper companies, railroads, associations and private estates. At the present time the average farm wood-lot is being depreciated through mismanagement, and is not producing as much as the soil is capable of. Most farmers cut their wood-lots every twenty-five or thirty years and then let them sprout up again. Meanwhile they give them no particular attention. They do not encourage the growth of the more valuable species, but merely allow nature to take its course. Furthermore, they allow fires to run through them and, in many cases, burn them purposely. Their object in so doing is to prevent injury from greater fires. If the ground is not burned over, a layer of leaves and other vegetable matter accumulates, which is extremely beneficial to forest growth. But this vegetable matter, if allowed to gather for a number of years, will burn with such force that many standing trees will be killed. If, on the other hand, the ground is burned over every year, the fire is so light that practically no injury is done to the standing timber. This is the view of the farmer. As a matter of fact, while protecting the larger trees in this way, he seriously impairs the productiveness of his land, for every fire destroys the new growth which springs up in the openings, and the woods become thinner and thinner. Moreover, the removal of the vegetable mold exposes the soil to the drying influences of the sun and wind and to the washing away of certain mineral matters which would otherwise be retained, and which are beneficial to tree growth.

More can now be done in the way of practical forestry on small woodlots than on any other class of forest land. In the first place, the woodlot is a permanent investment and is one of the most valuable assets of any farm. It will be worth while for a farmer to put a great deal of care and time in improvements, for the sale value of the property will be enhanced, even if he does not reap an immediate benefit. The farmer can utilize his leisure hours, when he would otherwise be sitting beside the kitchen stove or in the country store, in making careful thinnings, weed- —

ing out bad trees or bushes which are injuring valuable young growth, or planting open ground with small trees. Many farmers will not take this trouble, but the majority will do so as soon as they better understand the subject of wood production. Interest in forestry among the farming class is spreading very rapidly. This is especially true of the farmers on the western plains where there are now no forests and where tree-planting has proved extremely profitable. There are now about two hundred million acres of woodlands in small holdings. This area will probably be considerably reduced, because in many sections, as in the middle West, the woods are chiefly composed of virgin timber, and the land is brought under cultivation as the trees are cut off. The greater portion of this area will, however, remain in forest because the soil is not suited for agriculture, and will improve in productiveness as the farmers and other owners are educated to treat their woodlands intelligently.

The most difficult problem of American forestry is the management of the two hundred and fifty odd million acres of forest land which are owned in large blocks, chiefly by lumbermen and lumber companies who have purchased it as a speculation rather than as a permanent investment. These lands are mostly in thinly populated sections where forest property is cheap. The lumberman buys his land at a low price and aims by the sale of the timber to cover the initial cost, in addition to a handsome profit. Beyond this he has no interest in the land. The practice of forestry, on the other hand, involves the investment of a certain amount of money in the forest, that is to say, if a lumberman were to practice forestry, he would not cut all of the trees which he removes under the regular system, for he must leave trees for seed or for the protection of the soil. Or, if he cuts all of the trees, it may be necessary for him to resort to planting, which involves a considerable outlay of money. At the present time, however, there is little inducement for a lumberman to hold his land as a permanent investment, and still less inducement to leave any money invested in the forest. The main reasons are the danger from forest fires and the exorbitant rates of taxation.

In most of the extensive forest areas in this country, fires are apt to be started at any time, so that a business man

would be foolish to leave trees standing in the forest for seed or soil cover, which he could dispose of at a profit, because the chances are strong that they will be destroyed by fire. In the same way, a lumberman would be foolish to spend ten dollars or more per acre in tree planting unless reasonably protected against fire.

In many sections, notably in Pennsylvania and in the Lake States, forest property is taxed at exceedingly high rates. At its best, forestry is a long investment and returns from a lumbered area cannot be expected for many years. During that period the owner must pay high taxes and, as a rule, he does not feel like keeping his taxes paid up where the ultimate returns are problematical on account of fires. He is usually inclined to allow his land to revert to the State in default of taxes, and to invest his money in forest land elsewhere.

Many large forest owners in this country expect to hold their land for an indefinite period for special purposes. Thus mine companies, hunting and fishing clubs, railroad companies and wealthy individuals hold their land for other purposes than profit from the timber. It will pay them to manage their forests in such a way that the greatest amount of timber may be cut in the long run. They can afford to sacrifice the immediate profit for the sake of increased gains in the future.

From a forester's point of view the formation of large lumber companies is an encouraging sign. It may be a serious thing for the small competitor, but forestry will undoubtedly be forwarded, for the great companies will adopt the methods of forestry before the small lumbermen. The great lumber companies install plants costing millions of dollars, and they must make provision for enough timber to meet their future demands. These companies will be forced, sooner or later, to practice forestry. It will not be a question of whether they can afford to manage their lands conservatively, but whether they can afford *not* to do so. Many lumber and paper companies are now considering the question of forestry, and a few of them have begun to apply its principles.

The lumberman will not adopt forestry until he finds it profitable to hold his timber land with a view to cutting successive



crops of trees. Every inducement should, therefore, be offered by the State to encourage permanent investments in forest property. In the first place, the State should provide an adequate protection against fire; and, in the second place, should reduce, or remit, taxes on young forest growth.

The maintenance of an efficient fire service involves a large annual expenditure of money, but the amount is trifling compared to the benefit which would result to the State. A striking illustration of the effect of forest fires is found in southern New Jersey. Sections which at one time contained thriving communities engaged in the lumber business, have become nearly depopulated, and the only inhabitants are a shiftless class of people, locally known as "pine rats," who live by picking huckleberries and stealing timber. Forest fires run over this country every year or two, and there is no inducement whatever for the investment of capital in forest land. The expenditure by the State of only one cent an acre per annum would adequately protect this entire section against fire.

The protection of forests against fire is necessary to ensure a future supply of timber, even if the owners do not practice conservative cutting. If the land is not burned over, a new growth will quickly spring up, although it will not be equal in density and quality to that which could be produced under careful forest management.

If our forest lands were managed according to the methods of forestry, it is probable that even the present demand for wood and timber could be supplied from our own resources for an indefinite period. We cannot expect, however, to bring about the careful management of all of our forests for a long time.

With the increase in population, the present per capita consumption of wood and timber will necessarily fall off. As wood and timber become scarcer and more valuable, substitutes of some sort will come into use. Stone and steel will be used for construction, less wood will be used for fuel, paper may be made from the fibres of plants which can be raised on short rotations, and metal or some other material, will be employed for railroad ties and telegraph poles. It is the aim of American foresters to



conserve the present supply, and to bring all forest lands into a productive condition to meet the requirements of future generations.

Forestry is developing with great rapidity in this country. The work has already become so extensive that the few trained American foresters are unable to meet the demands upon them. The United States government is now expending between five and six hundred thousand dollars a year in forest work, and there are in the entire government employ less than twenty well trained foresters. The forest work of the government is, therefore, seriously handicapped by the lack of men who have had thorough practical training and experience. In a number of instances private owners have had to give up the practice of forestry on their lands because the proper men could not be found to do the work. The United States owns about fifty million acres of forest lands in the Philippine Islands. The Director of the Philippine Bureau of Forestry was obliged to come to the United States to secure foresters to assist him in the organization of practical work on this area, and had great difficulty in finding trained men. The Hawaiian government and the planters in the islands stand ready to begin practical forestry as soon as competent foresters can be found. To supply the demand for foresters, several forest schools have already been established in the United States.

In this country men of high intelligence and thorough equipment are needed to carry on the scientific work on which American forestry must ultimately be based, to practically apply the principles thus developed in the management of forest lands, to be leaders in the administration of federal and State forests, and to bring the people throughout the country to a clear understanding of the usefulness and profitableness of forestry.

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## THE MACHINISTS' STRIKE, 1901.

A NEW epoch in the controversies between labor and capital seemed to have been reached when on May 18, 1900, a national agreement was effected between the National Trades Association, representing the employers, and the International Association of Machinists, representing the men. This compact, known as the New York agreement, defined a machinist, fixed the rate of pay for overtime, the number of apprentices, employment and hours, and finally arranged for arbitrating all matters in dispute and dispensing with strikes and lockouts. In describing<sup>1</sup> this agreement a year ago the writer took a very optimistic view of the future of organization and the success of collective bargaining. Within less than a year, however, from the time of framing this admirable arrangement it has been deliberately broken by one party, and subsequently declared null and void by the other. It seems worth while, therefore, to make a further study of this very interesting chapter in the history of trades unionism, and try to draw some conclusions as to the methods and future of wage bargaining.

The New York agreement had provided for the gradual reduction of hours by the following clause:

"Fifty-seven hours shall constitute a week's work from and after six months from the date of the final adoption of a joint agreement, and fifty-four hours shall constitute a week's work from and after twelve months from the date of the final adoption of a joint agreement. The hours to be divided as will best suit the convenience of the employer."

According to this, the nine and one-half hour day was to be inaugurated in all shops of members of the National Metal Trades Association on November 29, 1900, and the nine-hour day on May 29, 1901. Just previous to the former date a joint meeting of the executive officers of the two associations was held in New York City, at which their belief in arbitration was reiterated and

<sup>1</sup> In the YALE REVIEW, November, 1900, p. 302.

chairman of the district in which he is located; and by the employé or employees, to such representative as he or they may select, who shall by all means in his or their power endeavor to adjust the difficulty to the satisfaction of both parties.

Should this committee fail to make such adjustment, then either party shall have the right to ask for a conference between the presidents of the two associations or their representatives. In the event of their being unable to adjust the differences satisfactorily, then it shall be referred to arbitration, as provided in the agreement of May 18th, 1900. The findings of this arbitration, by a majority vote, shall be considered as final as regards the case at issue.

Pending adjudication by arbitration there shall be no cessation of work at the instance of either party to the dispute.

During the winter the machinists started a general movement for the nine-hour day throughout the trade. As they had secured this concession from the members of the National Metal Trades Association, who comprised perhaps 25 per cent. of the employing machinists of the country, it seemed a favorable opportunity to force the independent employers to grant the shorter day also. As the agitation progressed there was coupled with this demand, another for an increase in wages. The New York agreement had been silent on this subject, and doubt arose as to how the clause relating to hours should be interpreted. Correspondence on this question continued through the spring between Mr. James O'Connell, president of the Machinists' union, and Mr. H. F. Devens, secretary of the employers' association. Finally, on April 16, the latter organization agreed to appoint an arbitration committee to meet a similar committee of union men, who should together interpret the disputed clauses of the agreement. To this Mr. O'Connell replied, in a letter of April 22, that inasmuch as the annual meeting of the International Association of Machinists would not occur until June 3, he was "of the opinion at this time that a conference would not be entirely satisfactory until after that date." He then concluded his letter with the following very specific statement of his plans:

"You are aware, of course, that we are making an effort to inaugurate the nine-hour day on May 20th, throughout the United States; also to bring about an increase of wages sufficient to

arrangements made for carrying out the provisions of the agreement with regard to the shorter working day. At the appointed time the nine and one-half hour day was introduced with but little friction in most of the shops, while many of them had already put it in force. At this meeting, on November 16, a joint resolution was passed which seemed to completely eliminate all fear of strikes and substitute arbitration therefor. It is important as indicating the attitude of both associations at this time, and is therefore given in full. The official organ of the machinists' union, when printing it, added this note in heavy type: "Now remember that this is the only way of adjusting grievances that may exist in National Metal Trade Association shops. Don't deviate in the slightest particular from the above formula, but follow it in letter and spirit."<sup>1</sup> The resolution follows:

#### RESOLUTION.

Copy of resolution adopted by the Administrative Council of the National Metal Trades Association and the Officers and Board of Trustees of the International Association of Machinists, in joint session at the Murray Hill Hotel, New York City, November 16th, 1900:

WHEREAS, In the joint agreement adopted by the Administrative Council of the National Metal Trades Association and the International Association of Machinists, it was agreed that all pending disputes, and disputes hereafter to arise between members of the respective organizations—that is, between an employer and his employé or employees—should be settled by arbitration, and,

WHEREAS, It was further agreed that, pending such arbitration, no strike or lockout should occur.

*Be it resolved*, That for the purpose of providing means by which the employer or employé may derive the benefits of this agreement, the following methods shall be pursued:

When a dispute shall arise between an employer and his employé or employees, every reasonable effort shall be made by the said parties to effect a satisfactory adjustment of the difficulty; and in case such difficulty cannot be settled between the employer and his employé or employees it shall be referred, on the part of the member of the National Metal Trades Association, to the

<sup>1</sup> *Monthly Journal, I. A. of M.,* **Mr**



The number of those who responded to the strike call was variously estimated, but it was probably about 40,000, and certainly never went above 50,000. The number fluctuated, as some of the original strikers returned to work under individual shop agreements, while new men were called out in several places. In the more important cities the men were reported out as follows: San Francisco, 6,500; New York, 3,000; Cincinnati, 3,000; Scranton, 3,000; Hartford, 2,000; Milwaukee, 1,600; Reading, 1,600; Boston, 1,500; Wilkes-Barré, 1,500; Philadelphia, 1,350; Cleveland, 1,200; Buffalo, 1,000; Plainfield, N. J., 1,000; Hamilton, O., 1,000. In many places the number of men who struck was small, either because the employers had already signed the agreement, conceding the increased pay with the nine-hour day, or because they did not belong to the union. Of the 150,000

2. *Hours.*—Nine hours shall constitute a day's work on and after May 20th, 1901.

(Note: This arrangement of hours is not to interfere in any way with shops where a less number of hours per day is already in operation.)

3. *Overtime.*—All overtime up to 12 o'clock midnight shall be paid for at the rate of not less than time and one-half time, and all overtime after 12 o'clock midnight, Sundays and legal holidays, shall be paid for at the rate of not less than double time.

(Note: The foregoing rates are not to interfere in any way with existing conditions; that is, where higher rates than above is paid, no reduction shall take place.)

4. *Night Gangs.*—All machinists employed on night gangs or shifts shall receive overtime in accordance with Section 3, for all hours worked over fifty-four (54) per week.

5. *Apprentices.*—There may be one apprentice for the shop and in addition not more than one apprentice to every five machinists. It is understood that in shops where the ratio is more than the above, no change shall take place until the ratio has reduced itself to the proper number, by lapse or by the expiration of existing contracts.

6. *Wages.*—An increase of 12½ per cent over the present rates is hereby granted to take effect May 20th, 1901.

7. *Grievances.*—In a case of grievance arising the above firm agrees to receive a committee of their machinists to investigate and if possible adjust the same. If no adjustment is reached the case shall be referred to the above company and the representatives of the International Association of Machinists. If no satisfactory settlement can then be agreed upon, the whole subject matter shall be submitted to a board of arbitration consisting of five persons, two to be selected by the above Company, two by the above Lodge of the International Association of Machinists, and the four to choose a fifth arbiter, and the decision reached by this board is to be binding on both parties to this agreement.

machinists in the country the International Association of Machinists claimed a membership of 70,000; the number was probably nearer 50,000.

The calling of the strike in violation of the agreement to settle disputes by arbitration drew forth from the employers bitter accusations of bad faith on the part of the unions. The main question at issue seemed at first sight a simple one. The vital feature of the New York agreement, aside from the provision for arbitration, was the arrangement for a nine-hour working day. The question of wages was not mentioned in the agreement, and, according to the manufacturers,<sup>1</sup> it was purposely omitted, as it was considered a local question subject to various conditions, and not to be regulated by national action. Furthermore, the men had not observed the agreement even in the method of making their demands. This was clearly stated by Mr. P. W. Gates, President of the Chicago Association of Machinery Manufacturers:

"As to wages it was specifically understood by President O'Connell and the others at the New York meeting when the agreement was signed, that this was a question to be adjusted by each employer with his men. Under the agreement, the men at each shop must make a formal demand on their employer in case they want a readjustment of their wage-scale. If the employer and his men fail to agree on a scale, it is to be referred to the arbitration board of the International Association of Machinists and the National Metal Trades Association of that district, and in case of a disagreement in the district board it is to be referred to the national arbitration board. Any other procedure would be a violation of the New York agreement."<sup>2</sup>

The men, on the other hand, claimed that it was tacitly understood, if not expressed, that wages were to be increased to compensate for the shorter time; that it was foolish to suppose they would have demanded a nine-hour day if that meant a reduction in wages; that the wages question had never been made part of the agreement to arbitrate; that the men could not be expected to work at reduced pay pending arbitration; that local

<sup>1</sup> See letter of N. O. Nelson, in *Engineering Magazine*, July, 1901.

<sup>2</sup> Interview in the *Chicago Record-Herald*, May 17, 1901.

arbitration would in most cases place the workmen at a disadvantage with their more astute and resourceful employers; and, finally, that the New York agreement was only a scheme on the part of the employers to take the wage question out of the hands of the International Association of Machinists, and thereby disrupt it if possible. Statements<sup>1</sup> from two of the leaders in the strike will make clear their attitude. Mr. A. E. Holder, President of the Iowa State Federation of Labor, said: "I regard the National Metal Trades Association as an infantile affair. The New York agreement was on their part a plausible excuse to avoid making any definite or permanent arrangement. We do not care whether we ever do business with the National Metal Trades Association again. The word 'arbitration' as far as these men are concerned is a farce, and is only a subterfuge under which they act in accordance with their convenience or desires." And Mr. A. E. Ireland, business agent of the International Association of Machinists for Chicago, agreed in belittling the arbitration arrangement: "The vital principle of organized labor is for shorter hours and better wages. This campaign for a nine-hour day means more to us than all the other points in the New York agreement put together."<sup>2</sup>

It would seem from the foregoing that there were doubts—honest doubts, perhaps—as to what wages should be paid under the new nine-hour day, but that the New York agreement was framed unfairly there is not the slightest reason to suppose. While the question of wages was not therein decided, a method of settling this, or any other matter of dispute, was provided for.

<sup>1</sup> In *Chicago Record-Herald*, June 9, 1901.

<sup>2</sup> In the various addresses and statements during the strike President O'Connell also completely evaded the issue of repudiating the arrangement for arbitration, and wholly ignored the New York agreement. His public utterances were wholly misleading to those not otherwise informed on the subject. The following paragraph, from an address issued on May 17 to the craft of machinists, will suffice to illustrate this point:

Twelve months ago notice was served on the manufacturers of the United States that on Monday, May 20, 1901, the International Association of Machinists would demand a nine-hour day, and that if the demand was not granted, its members, and those in sympathy with them, would suspend labor until the demand was granted. We do not advocate a strike with all the attendant mistakes of the past, but merely a peaceful cessation of labor until we can start work on a nine-hour day basis.

The contention of the union that, because the question of wages was not specifically mentioned as one of the subjects to be arbitrated, it was therefore not meant to be settled in this way, was the merest quibble. From the beginning the manufacturers took the position that it was a purely local question and could not be decided nationally, a view with which President O'Connell apparently agreed in his letter of April 22.<sup>1</sup> Many of the employers claimed, moreover, that they had already increased wages considerably during the past year—in some cases as much as 18 per cent.—and that they could not stand a further increase of 12½ per cent. over the present rate.<sup>2</sup> To this the union replied that as these advances had been forced upon the manufacturers by the machinists, they should not be considered. As a matter of fact, most of the employers<sup>3</sup> were willing to concede the nine-hour working day, many of them with an advance of wages over the previous rate per hour. But because the National Metal Trades Association was unwilling to enter into a national agreement on this point with the International Association of Machinists, the latter organization called the strike. In doing this they not only clearly violated an admirable agreement, but they acted unwisely in resorting to a strike before they had exhausted all means of peaceful settlement. The union thereby forfeited in large measure public sympathy and support from the very beginning of the struggle.

Contrary to the usual practice of unions when deliberately entering upon a long anticipated strike, and in marked contrast with the policy of the British engineers in 1897, the International Association of Machinists seems to have begun its struggle for the nine-hour day with very meager resources. The union men claimed to have \$40,000 in the treasury, besides an emergency fund of \$150,000, but as the strike benefits of \$4 and \$6 a week, payable after one week from the inauguration of the strike,<sup>4</sup>

<sup>1</sup> See above, p. 251.

<sup>2</sup> The Chicago manufacturers, at a meeting of the arbitration board at that city on May 29, offered to give the machinists an advance of 12½ per cent over the wage schedule of 1900. This the men refused. See *Hearst's Chicago American*, May 30, 1901.

<sup>3</sup> Nine-tenths of them, according to the *American Machinist*, May 2, 1901. —

<sup>4</sup> Constitution, Art. VI, sec. 3. These benefits were not paid regularly—however, until a month after May 20.



amounted to over \$50,000 a week, this sum was clearly insufficient. Financial assistance was given the machinists by several other unions, as the painters, glass-blowers, building trades unions, and others. But most important was the support of the American Federation of Labor. This organization has each year made it a practice to support some one trade in a demand for a shorter working day, and for 1901 it promised to assist the machinists in their movement for a nine-hour day. Accordingly it contributed both money and services to the strikers. Assistance was also promised by the Amalgamated Association of Engineers of Great Britain. The men were for the most part, however, thrown upon their own resources.<sup>1</sup>

Almost the only bright feature of the controversy was the general absence of violence on the part of the strikers. They were throughout orderly and well-behaved. The only important exception to this was an attack on the Farrel Foundry of Ansonia, Conn., on July 4 with fireworks, but the machinists claimed that this was done by outside sympathizers and not by their own members. The attitude of the courts may perhaps have contributed to the freedom from disorder, for in many places—Milwaukee, Cleveland, Cincinnati, Ansonia, Conn.,—resort was had by the employers to the courts for injunctions restraining the strikers from interfering with their business or with the workmen in their employ who were not participating in the strike. Some of these injunctions were of the most sweeping character, forbidding picketing, boycotting, congregating near the works, inducing non-union men to quit work, and in any way interfering with the free operation of the business.<sup>2</sup>

The calling of the strike by President O'Connell on May 20, in violation of the national agreement, aroused a spirit of bitter opposition on the part of the employers. As one of the manufacturers expressed it: "We have arrived at the point where we are tired of union dictation, and must make a stand against it."

<sup>1</sup> The machinists at work contributed fifty cents a week for the support of the strikers. Secretary Preston, of the I. A. of M., estimated that 75,000 men made these payments.—*New York Times*, July 11, 1901.

<sup>2</sup> Two of these injunctions are given in full in the *Monthly Journal I. A. of M.*, August, 1901, p. 525. Cf. also *American Machinist*, July 4, 1901.

A meeting of the Administrative Council of the National Metal Trades Association was finally held at Chicago on May 28, when the New York agreement was declared to have been rendered null and void by the strike, and to be no longer binding on the members. The abrogation of the agreement had most far-reaching effects, for it not only annulled the national recognition of the union, but left the manufacturers at liberty to go back to the ten-hour day if they saw fit to do so. It seemed as though everything that had been gained by both sides was now lost. A declaration of principles was adopted the next day, which will be seen to be much less liberal than the original agreement. It was as follows:

We, the members of the National Metal Trades Association, declare the following to be our principles, which shall govern us in our relations with our employés.

1. Since we, as employers, are responsible for the work turned out by our workmen, we must, therefore, have full discretion to designate the men we consider competent to perform the work and to determine the conditions under which that work shall be prosecuted. The question of the competency of the men being determined solely by us, and while disavowing any intention to interfere with the proper functions of labor organizations, we will not admit of any interference with the management of our business.

2. Disapproving absolutely of strikes and lockouts, the members of this association will not arbitrate any question with men on strike. Neither will this association countenance a lockout on any arbitrable question unless arbitration has failed.

3. *Employment*.—No discrimination will be made against any man because of his membership in any society or organization. Every workman who elects to work in a shop will be required to work peaceably and harmoniously with all his fellow employés.

4. *Apprentices, Helpers and Handymen*.—The number of apprentices, helpers and handymen to be employed will be determined solely by the employer.

5. *Methods and Wages*.—Employers shall be free to employ their work-people at wages mutually satisfactory. We will not permit employés to place any restriction on the management, methods or production of our shops, and will require a fair day's pay.

Wages will be paid by the hourly rate, by premium system, or by contract, as the employer may elect.

6. It is the privilege of the employé to leave our employ when-ever he sees fit and it is the privilege of the employer to discharge any workman when he sees fit.

7. The above principles being absolutely essential to the successful conduct of our business, they are not subject to arbitration.

In case of disagreement concerning matters not covered by the foregoing declaration, we advise our members to meet their employés, either individually or collectively, and endeavor to adjust the difficulty on a fair and equitable basis. In case of inability to reach a satisfactory adjustment, we advise that they submit the question to arbitration by a board composed of six persons, three to be chosen by the employer and three to be chosen by the employé or employés. In order to receive the benefits of arbitration, the employé or employés must continue in the service and under the orders of the employer pending a decision.

In case any member refuses to comply with this recommendation, he shall be denied the support of this association unless it shall approve the action of said member.

8. *Hours and Wages.*—Hours and wages being governed by local conditions, shall be arranged by the local associations in each district.

In the operation of piece work, premium plan or contract system now in force or to be extended or established in the future, this association will not countenance any conditions of wage which are not just, or which will not allow a workman of average efficiency to earn at least a fair wage.

Another meeting of the National Metal Trades Association was held in New York City on June 11, when the above resolution and declaration of principles were unanimously endorsed. A further statement was adopted defining the position of the association during the strike. Steps were also taken for carrying on an aggressive fight against the machinists who were still out on strike, by raising the treasury fund of the association to \$500,000. This was to be used to assist individual manufacturers to win and to make up any loss they might incur in the struggle through enforced shut-down or extra expenses for non-union men.<sup>1</sup> At this meeting the membership of the association was almost

<sup>1</sup> "During the foundry strike at Cleveland, bonuses of \$4 a day were paid to non-union men, in addition to their regular wages. In all about \$116,000 was spent in this way." Statement of W. J. Chalmers, in *New York Times*, June 13, 1901.

doubled; 157 new firms enrolled as members, of whom 114 were from the Pacific Coast. This made a total of 320 firms, all of whom pledged themselves anew to fight the demands of the machinists.

In commenting upon this action of the employers, the *Monthly Journal* of the International Association of Machinists, the official organ of the unions, said: "From the above it will be seen that the fight is not so much against a shorter working day as it is against the International Association of Machinists. In its broadest sense it is a defiance—in bold language—of every principle for which organized labor stands, and means that labor has little to hope for if it surrenders itself into their hands. Without warning, and without notice to our organization, they abrogated every agreement and defined a line of action that denies us the right of existence, and declares our association a nonentity. Without waste of words they declare a war of extermination. They invoke a struggle and declare a class enmity in which the victor shall survive and the vanquished shall perish."<sup>1</sup>

The International Association of Machinists held its annual convention in Toronto early in June and, as was expected, took action upon the existing machinists' strike. On June 8 the following resolution was unanimously adopted:

"Whereas, the officials of the National Metal Trades Association have declared war upon the International Association of Machinists and defiance to and repudiation of every principle for which that Association stands; and have stated their reasons for so doing is that our international body, through its officials, has violated the agreement entered into with the National Metal Trades Association on May 18, 1900, by refusing to arbitrate the question of wages when the nine-hour day went into effect, and

Whereas, seeing that the question is not mentioned in the said agreement, and that certain officials of the National Metal Trades Association and other members of that body have put the nine-hour schedule into effect in accordance therewith, and made no reduction in pay, it is but fair to assume that by implication and in spirit no reduction was intended, and

Whereas, the International Association of Machinists, through its President, did all that could be done with honor to get a

<sup>1</sup> *Monthly Journal I. A. of M.*, July, 1901, p. 441.



satisfactory adjustment by pacific means, offering to accept any decision reached by an arbitration that would cover the question nationally, and

*Whereas*, the said efforts proving futile, and the proffered offer of peace being brutally refused, be it therefore

*Resolved*, That we, the delegates assembled at the Ninth Convention of the International Association of Machinists, after due and mature deliberation, and in the name of the membership that we represent, do hereby accept the challenge forced upon us by the National Metal Trades Association, and in accepting this declaration of war we fully realize what it means, but, armed with the knowledge that our cause is just, as our efforts are honest, we cheerfully pick up the gauntlet and hurl back the defiance, with this addition: If it is to be war, let it be war to the knife, and the knife to the hilt, for we will never accept any modification of our demands, or resume labor until the holy cause for which we struggle is triumphant and the shorter working day is an accomplished fact, monumental to the cohesive power and coöperative effort of the International Association of Machinists."<sup>1</sup>

During the next month there was comparative quiet in the strike circles. Many of the strikers returned to work, in most cases on the employers' terms, though in some instances they secured their demands, so that by July 1 only about 10,000 men were still out. This number decreased slowly but steadily during the rest of the summer. Many of the manufacturers took advantage of the opportunity given them by the abrogation of the national agreement to make individual settlements with their men. President O'Connell stated that the machinists had won their fight "for a nine-hour day and an increase in wages" in 75 per cent. of the shops involved, compromised in 15, and lost in 10.<sup>2</sup> Even if these figures were correct, they do not convey a true idea of the situation, for the men won as a rule in the small shops and lost in the large ones. But they are undoubtedly exaggerated. A number of firms made a reduction in the hours of labor—had already done so before the strike—but very few

<sup>1</sup> *Monthly Journal I. A. of M.*, July, 1901, p. 441. The resolution is quoted *verbatim*.

<sup>2</sup> *Monthly Journal I. A. of M.*, August, 1901, p. 527.

paid the 12½ per cent. advance in wages which was demanded.<sup>1</sup> By the end of July the strike leaders themselves were advising the men not to press the question of wages, but to return to work if they could get the nine-hour workday.<sup>2</sup> In many places there was much bitterness expressed against the leaders who ordered the strike, the men claiming that they had been deceived both as to the status of affairs between the two associations before the strike, and as to the support, pecuniary and other, that the strike would command from other labor organizations. In Buffalo, N. Y., Richmond, Va., and other places, there was open revolt by the unions, and in the former city withdrawal from the National Association.<sup>3</sup> The general feeling was that the course of the leaders, both in the calling and the conduct of the strike, had not been such as to command the support of either the outside public or even their own members, and that they had made distinctly a losing fight.

Although the original provision for arbitration had been violated by the strike, attempts were not lacking during its continuance to settle the dispute amicably. Several meetings of the joint arbitration boards of the two associations were held in New York and Chicago, but in no case was an agreement reached. Two propositions to arbitrate were made by President O'Connell through the National Civic Federation—one for a general settlement by a return to work on the nine-hour day basis with local settlement of wages-rate by arbitration, the other for a settlement in the New York district on practically the same terms.<sup>4</sup> Both

<sup>1</sup> The writer examined a list of replies by members of the National Metal Trades Association to just these questions, and of 100 firms taken at random only 6 had made an advance in wages, though a number had reduced the hours of labor. Probably a greater proportion of those outside this association granted the machinists' demands, however, than did the members.

<sup>2</sup> *New York Times*, July 19, 1901.

<sup>3</sup> See *American Machinist*, July 11; *New York Sun*, July 14; *New York Tribune*, August 8, 1901.

<sup>4</sup> The following were the terms of the general proposition submitted by Mr. R. M. Easley, Secretary of the National Civic Federation:

1. The question of wages to be arbitrated by districts, the arbitration board to be composed of three parties from each side, and an umpire to be mutually agreed upon by the arbitration board.

2. All machinists on strike to be reinstated, without prejudice, to their former positions pending the settlement by arbitration.

of them were declined by the National Metal Trades Association. As these terms were the same as were contended for at the beginning of the strike by the employers, their refusal to grant them at this time when offered by the men showed that they considered the situation had been wholly changed by the strike and subsequent events. It was evident that they had made up their minds to seize this opportunity to free themselves from union dictation, and would refuse to treat further with the International Association of Machinists as a national organization. They had found it impossible to "place any faith in the responsibility of the Machinists' Union,"<sup>1</sup> and would henceforth seek only individual treaty with the men.

Even the hasty and imperfect sketch here given of the chief events in the machinists' strike suggests some important questions, which are even more fundamental than the method of the strike itself. Was there any economic justification for the movement for a shorter workday with higher wages? What effect will the actual conduct of this strike have on the future of organization and of arbitration?

During the past fifteen years very profound changes have occurred in the machinists' business, owing to the introduction of improved machinery and better organization.<sup>2</sup> The productive power of labor has thereby been greatly increased, and much more is now turned out in a ten-hour day than was formerly possible under the old eleven- and twelve-hour workday. The saving which has thereby been effected in the cost of machine construction has gone to reduce the price of the finished article, and has been gained almost entirely by the consumer. In other

3. The hours of labor shall be fifty-four hours per week, which is not submitted for arbitration.

4. The award of the arbitration board to date back to the time the men returned to work.

5. Articles of agreement shall be signed by both sides agreeing to the above basis of arbitration.

6. The above basis for a settlement of the present strike shall not apply to firms, members of the National Metal Trades Association, or others with whom we have made settlements.

<sup>1</sup>See Statement issued by National Metal Trades Association, June 11, 1901.

<sup>2</sup>Cf. *American Machinist*, April 18 and May 2, 1901.

words, it has gone, not to those who build machinery or sell it, but to those who buy and use it. The men claim that they, on the other hand, have profited little by these improvements, except for the shortening of the workday. But this has been a general movement, and has in fact not proceeded so far in the machinists' trade as in most other lines. They argue, therefore, and not unjustly, that they should share in the benefit of improvements; that a part, if not all, of the gain resulting from improved methods and machinery should go to them in the form of higher wages or shorter hours rather than to customers in reduced prices or greatly improved machines at the same price. Probably many of the employers would be glad to concede the demand of the unions if they felt they could safely do so.

But in a highly competitive business like the machinist's, there is always a strong pressure to secure wider markets by lowering prices as rapidly as the lessened cost of production will permit. This is especially true when the competition becomes international. The demand for higher wages, on the other hand, is usually spasmodic and generally easier to resist. It is, therefore, not so much their employers that the men contend with when they strike for shorter hours or better pay as it is with conditions that they themselves have helped to create. They must accept the conditions as they exist and adjust their present demands to them, seeking if they will to secure for themselves the gain resulting from future improvements. Yet even here they must reckon with industrial forces wholly without their control. These the British engineers attempted to ignore in 1897, and they were defeated, not because they failed in organization, but because the economic forces were too strong for them. It was really a victory for the consumer, not merely for the manufacturer. Viewed from this standpoint, the failure of the American machinists' strike in 1901 is only another illustration of the fact that trade conditions are more potent factors in determining wages than the demand of a union, however strong. Such a demand is successful only if it is economically expedient. The demand of the machinists for a universal increase in wages to accompany the nine-hour day did not sufficiently take into account the varying conditions of production in different parts of the country, and



consequently met with firm resistance from the employers. Eventually the men will undoubtedly secure all they asked for and more too, but the present movement was injudiciously inaugurated and unwisely managed.

But the claim is made by many that by shortening the workday to nine hours production will not be materially lessened, and that the men will turn out in nine hours as much as they formerly did in ten. In proof of this position they point to the gain resulting from the change from a twelve- and eleven-hour workday to ten hours. It may be said in answer that the point of maximum efficiency cannot be determined *a priori* and can only be proved by experiment. One thing seems highly probable and is abundantly proved by experience under the premium plan: owing to the restrictions placed on output by most of the unions, the men could easily turn out as much in nine hours as they now do in ten, *if they would*. However, this claim is offset by the other argument of the machinists, that the introduction of a nine-hour day will give employment to more men, and thus reduce the number of idle men, whose efforts to secure places tend to depress wages.<sup>1</sup>

If then, as seems likely, the introduction of a nine-hour day will increase the—initial, at least—cost of machine construction, the difficulties are greatly enhanced. It would, of course, be comparatively simple if all manufacturers would agree to it at the same time. But the impossibility of securing complete unanimity of action is not an insuperable objection to such a movement, as the same condition has been confronted at every proposed shortening of hours or raising of wages. The ideal thing, perhaps, would be for both sides to be so organized as to control the situation, and then agree to divide the results of improvements. With a strong organization on each side and a thorough understanding between them, it would not be difficult to secure good conditions. Regarded from this point of view the sacrifice by the machinists' union of a national agreement with

<sup>1</sup> Cf. statements made by President O'Connell in a speech made at Bridgeport, Conn., last March, and quoted in the *Monthly Journal, I. A. of M.*, April, 1901, p. 199-200: "There are 150,000 machinists in this country, and an hour taken off their day's labor would give employment to 16,666 more machinists." "One trouble with the machinists is that they are too fond of work, and one great object of the trade union is to equalize work."

the same time, however, and in the face of all their other commercial and social obligations.

As far as the agreement between the National Metal Trades Association and the International Association of Machinists, following closely on the national agreement of the British engineering trades and workers in 1901, was hailed as a substantial gain in the advance toward a better trade organization, and in the maintenance of order and the strike and lockouts. The British and foreign press of the agreement while discouraging, did not really value the agreement for association or adjustment of differences by mutual agreement.<sup>1</sup> They do show, however, that there is still much for the unions to do before they can be successful in educating their members in sound ideas of right and wrong and of true political economy, but above all in instilling in their officers and members the sense of responsibility, so that an agreement once made by the union will have all the force of a contract with the individual men composing it.<sup>2</sup> The labor union in its present form is not a very responsible organization, and shows but great a willingness to evade the obligations which must necessarily govern all commercial transactions to inspire a very strong feeling of confidence. The benefits of organization can be secured only by wise leadership, conservative action, and a high sense of business honor in holding inviolable all agreements and contracts when once they are made. For the present, as one manufacturer expressed it, "the disputants are only going through the kindergarten stage of industrial adjustment. They have yet to learn that chips on shoulders, lockouts, and strikes do not pay and settle nothing. What they cost is gone forever and a sore spot remains."<sup>3</sup>

The writer believes that the outcome of the present labor disputes, of which the machinists' strike is but one among many, will be the repudiation of the radical, irresponsible, and self-seeking labor leader, who to-day too generally is in control of the unions:

<sup>1</sup> Cf. *The Engineering Magazine*, August, 1901, p. 749.

<sup>2</sup> The refusal of some of the western unions among the steel workers to obey President Shaffer's general strike order, because they had already made agreements, seems to indicate a growing feeling of responsibility, although it may be indicative merely of very high wages.

Mr. N. O. Nelson, in *Engineering Magazine*, July, 1901.

that these will become less and less a striking machine, and that more and more the policy of arbitration will be substituted for that of force. The right of organization on either side must be recognized, and the two organizations must learn to cease trying to hurt each other, and try to be mutually helpful. It is not an easy task. Many difficulties are present in the lack of intelligence and of sympathy, in the mutual distrust, and in the want of responsibility. Probably the knowledge of how they can help each other will have to be obtained through experience in hurting each other. But eventually we shall without doubt secure more stable industrial conditions through these very struggles, and with a growing recognition of the necessity of substituting arbitration for strikes and lockouts, attain to "a more perfect state."

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## THE MEASUREMENT OF UNEMPLOYMENT: A STATISTICAL STUDY.

### II.

A few words will be required concerning the investigation of unemployment made in connection with the Rhode Island State Census of 1895. No detailed inquiry was undertaken, the only information published being that contained in the Tenth Annual Report of the State Bureau of Labor, showing, by towns and groups of occupations, the number and per cent. of industrial workers according to the four classes; employed at their principal occupation; employed at some other occupation; unemployed; and conditions of employment unknown. This information is given for each month of the census year. There is a recapitulation by trades, but none by occupations, a remarkable omission in view of the nature of the subject considered. The general results of this investigation are shown in the following table, which gives the per cent. of all persons engaged in industrial pursuits who were found in each class.

Months.		Regular employment.	Other than regular employment.	Unemployed.	Condition of employment unknown.
June, 1894	-----	89.4	2.7	4.5	3.4
July, "	-----	87.9	2.6	6.1	3.4
August, "	-----	87.7	2.8	6.2	3.3
September, "	-----	89.3	2.6	4.8	3.3
October, "	-----	89.0	2.9	4.9	3.2
November, "	-----	88.7	2.9	5.3	3.1
December, "	-----	87.1	3.2	6.7	3.0
January, 1895	-----	86.7	3.0	7.2	3.1
February, "	-----	86.9	2.8	7.3	3.0
March, "	-----	89.3	2.4	5.6	2.7
April, "	-----	90.7	1.8	5.1	2.4
May, "	-----	90.7	1.5	5.6	2.2
Mean	-----	88.6	2.6	5.8	3.0



It should be noted that the method of investigation pursued by the Rhode Island bureau is entirely different from that adopted by Massachusetts. The report of the latter showed the total number of persons unemployed at any time during the year, while the table we have just given shows the record of the number of persons unemployed from month to month. In some respects this form of presentation is more valuable than that followed by Massachusetts. We cannot determine the total amount of unemployment that existed during a year, but we can see what was the condition at any one time, as well as the changes from month to month, a record which for most purposes is the more valuable of the two.

Thus examining the table, it will be seen that 5.8 per cent. of all workers were, on the average, returned as unemployed at a given time, and that the largest proportion unemployed in any one month was 7.3 per cent., in February, 1895. The influence of the seasons can also be seen, the per cent. unemployed being distinctly higher during the winter than during the summer months.

Altogether this investigation, directed as it was to a single distinct point, must be considered as of no little value. It is only the more to be regretted that the material was not analyzed more in detail by occupations, and a fuller account given of the circumstances under which the information was secured. The material in the detailed tables permits this to be done, but the labor involved is beyond the power of other than a regular statistical bureau.

But one foreign government has attempted a census of unemployment along the lines of the efforts that we have been considering. This attempt, however, may justly be designated a notable one, and its results constitute the most important information that we have in this direction.

Advantage was taken by the German government of the two censuses taken by it in 1895, the one relating to industry on June 14, and the other to population on December 2, to secure as complete information as was practicable concerning the amount of unemployment existing on those dates. The fact that these

censuses show both summer and winter conditions adds to their value.

In taking these two censuses the following three questions were asked of all persons belonging to the class of persons returned as working for a livelihood as employees: (1) Are you at the present time employed, or at work; (2) If not, how many days have you been without work; and (3) Is the fact that you are without work due to temporary physical disability? The inquiry covered all males and females of the employee class. It did not, however, include housewives without any other special calling, persons in the civil or military service who were pensioned, or the widows of such persons, or the recipients of accident and invalidity pensions who were totally and permanently disabled.

The information obtained is analyzed in great detail according to sex, occupation, industry, duration of unemployment, etc. It will be possible for us, however, to reproduce only the more general results.

Excluding the persons engaged in public services, the church and the professions, the returns show that of the 15,497,632 persons, male and female, engaged as employees in gainful pursuits on June 14, 292,678, or 1.89 per cent., were at the moment unemployed. Of this, 0.77 per cent. was due to sickness or other temporary physical ailment, and 1.12 per cent. to other causes. The figures for December 2 were, total 15,641,100; unemployed 762,668, or 4.88 per cent., of which 1.38 per cent. was due to sickness and 3.50 per cent. to other causes.

Following the plan that we have adopted, the degree of reliance that can be placed upon this investigation must first be determined before its detailed results are more closely considered. In this work, we are much assisted by the frank explanations given in the official report of the difficulties encountered and the extent to which they were met, and by a critical study by Dr. Georg Schanz.<sup>1</sup>

It should be stated, first of all, that these two inquiries differ radically from the American efforts in that a distinct effort was

<sup>1</sup> *Die neuen statistischen Erhebungen über Arbeitslosigkeit in Deutschland.* Archiv für soziale Gesetzgebung und Statistik, Band x, Heft III, 1897.

made to meet the peculiar difficulties attending an investigation of unemployment, and to present the results in such a form as to bring out the important facts concerning which it is desirable to have information. This is seen in the limitation of the investigation to persons of the employee class, to the exclusion of persons permanently invalidated or in receipt of pensions, etc., and in the great care exercised in seeing that the questions were correctly understood and answered.

In spite of this care, it is recognized that errors occurred. A certain number of schedules were returned incompletely filled in, and the answers had to be arbitrarily supplied. This was done by presuming, where no answer was given regarding unemployment, that the person was employed, and where the cause of unemployment was not given, that the cause was other than sickness. Again, it is certain that a greater or less misconception existed in regard to what constituted unemployment. Thus persons returned themselves as out of work while they were performing their military service; others, while voluntarily unemployed on account of their marriage or some other event. There were even extreme cases, such as where a person who had learned the trade of plasterer, but had not worked at it for several years, returned himself as unemployed during that time, although he had worked steadily at another trade. Finally there were included a certain number of professional vagabonds, beggars, persons permanently retired from work, etc., whom it was desired to omit.

In consequence of these presumptions the report says that the figures given should be taken as showing certainly the maximum amount of unemployment existing at the dates of the census. This position of the bureau, it seems to us, is the correct one, though the margin of error, in view of the results of the supplementary investigations undertaken by a number of German cities, which will be subsequently alluded to, must be considered as greater than the language of the report would seem to imply. Nevertheless, the investigation, on the whole, must be pronounced to have been successfully carried out, and the results to furnish a very fair indication of the normal amount of unemployment that exists in the German Empire. The errors that exist are

those that are almost inevitable when an investigation in a new field is undertaken for the first time, and it is possible to make allowances for them in using the material presented.

Turning now to a consideration more in detail of the material obtained, the most important results as regards the amount of unemployment may be summed up in the following table, which shows the percentage of unemployment in each of the twenty-two main classes of industry, and the proportion due to sickness and to other causes. This table, as will be seen, includes information concerning 13,725,825 persons, or almost all the persons engaged in remunerative pursuits as employees in the Empire.

Classes of occupations.	Persons in the employee class June 14, 1895.	Per cent. unemployed.		Proportion per 100 due			
		June 14, 1895.	Dec. 2, 1895.	June 14, 1895.		Dec. 2, 1895.	
				to temporary disability.	to other causes.	to temporary disability.	to other causes.
Agriculture, gardening and live stock .....	5,607,313	0.66	3.62	50	50	22	78
Forestry and fisheries .....	116,713	1.19	4.76	45	55	26	74
Mining, smelting, salt, etc. ....	564,922	1.47	2.03	68	32	70	30
Stone work and earthenware .....	468,489	1.47	5.76	56	44	24	76
Metal work .....	719,775	2.89	3.75	39	61	40	60
Machinery, tools, etc. ....	304,463	2.57	3.44	41	59	40	60
Chemical industries .....	92,582	1.94	2.29	50	50	50	50
Forestry products, grease, oil, etc. .	38,116	2.09	2.74	49	51	53	47
Textiles .....	878,494	1.64	1.92	55	45	54	46
Paper .....	121,526	2.60	2.86	44	56	49	51
Leather .....	123,914	3.46	6.04	33	67	29	71
Woodenware and carved goods .....	456,229	2.93	4.00	40	60	40	60
Food products .....	656,970	3.27	4.35	33	67	34	66
Clothing .....	775,671	3.13	5.42	32	68	34	66
Building trades .....	1,151,851	2.87	15.61	41	59	19	81
Printing and publishing .....	106,536	4.18	4.38	36	64	39	61
Painting, sculpture, decoration, etc. .	18,765	3.59	5.51	31	69	31	69
Factory hands, artisans, etc., not classified .....	28,542	4.96	35.66	46	54	49	51
Commercial pursuits .....	626,637	3.52	4.20	28	72	30	70
Insurance .....	18,216	1.50	1.73	26	74	28	72
Transportation .....	533,150	1.30	3.04	40	60	29	71
Hotels, restaurants, etc. ....	316,951	2.54	4.92	26	74	24	76
Total .....	13,725,825	1.77	4.80	41	59	27	73

This presentation shows the fact, already alluded to a number of times, of the necessity of studying conditions of employment



by industries or occupations. Thus, it will be seen that the group of agriculture, gardening and live stock, embracing over a third of all the persons included in the tabulation, is responsible for the low percentage of unemployment in June. The influence of seasonal work is plainly seen in such work as the building trades, the percentage of unemployment being 15.61 in the winter as against 2.87 in the summer. The high percentage shown in factory hands, artisans, etc., not specified, is probably due to the fact that employees of small shops not easily classified, casual trades, etc., were thrown in this group. Textiles show a remarkable degree of stability of employment both summer and winter, the percentages being but 1.64 and 1.92 respectively. Mining, smelting, etc., shows almost equally favorable conditions. On the whole, the showing must be considered as one indicating a degree of stability greater than is generally supposed to exist.

It will be readily seen that the German figures can not be placed in comparison with those of the United States and Massachusetts censuses, as the latter attempted to show the amount of unemployment occurring during a year instead of at given dates. The Rhode Island census, however, followed more nearly the system pursued by Germany. There the average amount of unemployment was found to be 4.5 per cent. in June, and 6.7 per cent. in December, 1894. If we compare these with the percentages shown for trades in Germany other than agriculture, forestry and mining, which are but little represented in Rhode Island, the correspondence is fairly close; though, owing to the fact that certain classes of unemployed were eliminated in the German census, the figures show a larger amount of unemployment in Rhode Island. It is to be regretted that the Rhode Island returns were not tabulated by occupations and industries in order that a closer comparison might be made.

A feature of peculiar interest in the German investigation was the attempt to determine the extent to which unemployment was due to sickness or some other kind of temporary physical disability. It is evidently a matter of great importance to determine this point in any attempt to estimate the number of persons who are able and willing to work, but unable to find employment.

While the distinction between the different causes of unemployment is one which it is often difficult to draw, as, for instance, in the case of a man discharged on account of his being unable to do as much work as his fellow employees as the result of some ailment, nevertheless there seems to be no reason why the German figures should not be taken as showing approximately the true condition of affairs. Taking all the industries combined, it will be seen that in the summer 41 per cent., and in the winter 27 per cent., of all unemployment was directly attributable to sickness or other physical disability. Judging from these figures, it would be fair to assume that at least one-third of all unemployment was due to disability rather than inability to find work, and thus can in no way be connected with industrial conditions.

Limitations of space allow us to make but a bare reference to the other features of the investigation. The effort to determine the duration of that particular period of unemployment existing at the time the census was taken, does not appear to us to be of any special value. The fact that there is no way of determining how long such unemployment continued after the census was taken makes it impossible to draw any valid deductions concerning the duration of unemployment.

The distribution of the unemployed by age periods is of interest as showing that unemployment does not fall to a disproportionate extent in the classes of very young and very old workers. The figures for the two enumerations are as follows:

Age periods.	Enumeration of June 14.	Enumeration of December 2.
14-20	20.30	18.78
20-30	33.23	30.09
30-50	28.98	30.88
50-70	15.30	18.41
70 or over	2.10	1.84
Total .....	100.00	100.00

Little information of real value was brought out by the grouping of the unemployed by conjugal condition and number of persons dependent upon them for support. The presentation which is given by cities, while of national interest as showing

relative local conditions, particularly that between large and small cities and rural districts, is not of a nature to warrant its consideration here.

Advantage was taken by a number of German cities of the general census of unemployment to make a more detailed study of conditions in their particular districts. Such supplemental investigations were made by Dresden, Leipzig, Magdeburg, Berlin, Hamburg, Lübeck, Stuttgart, and Strassburg. The results of these inquiries are of the greatest interest where it is desired to make a detailed study of the causes and character of unemployment.

The method pursued by the cities was to subject the material obtained from the general investigations to a further examination in order to determine more accurately the causes leading to the unemployment, the duration of the latter, etc. The distinct effort was made to determine by elimination the net number of persons desirous of employment who were out of work through no fault of their own.

The result of this effort was in a number of cases rather remarkable. Thus Hamburg, as the result of its investigation, eliminated 3,178, or 14.8 per cent. of the 21,466 persons returned as unemployed at the December census, as being persons not properly belonging to the involuntarily unemployed class. It is interesting to note the reasons for which this number were stricken out. Five were eliminated because the investigation showed that they did not belong to the employee class; 10 were children under fourteen years of age; 32 were former employers; 56 were not working in preparation for marriage; 10 were thrown out because unemployed for more than a year, and therefore presumably persons not anxious to work; 131 were merely preparing for a trade; 275 were former independent journeymen; 328 were voluntarily unemployed; 991 were either permanently, or had been for more than a year, incapacitated for work; and 1,244 were improperly returned as out of work. While it is a question whether some of these persons should not properly be considered as a part of the unemployed class, the fact is clearly shown how easy it is, unless extreme care is used, to have the class returned as unemployed improperly increased.

The point has been made that a similar investigation of those returning themselves as employed would show that a considerable number had done so improperly, and that the errors on the other side would thus in a measure be compensated. This is undoubtedly true to a certain extent, but all the probabilities are that the opposite mistakes would be more frequently made.

Following this attempt at a more rigid determination of the field of involuntary unemployment, most of the cities made a praiseworthy effort to determine the causes leading up to the unemployment, and a number of very interesting systems of classification of causes were derived. As the present paper is directed solely to the problem of the measurement of the amount and movement of unemployment, and it is hoped in a subsequent paper to take up the special subject of the statistical determination of causes of unemployment, a further examination of these data is not advisable.

*Manufacturers Returns:*—There is but a single example of the third class of efforts to obtain statistics of unemployment that is of sufficient importance to be considered in detail. In addition to the effort to determine the amount of unemployment through the State censuses, the Massachusetts Bureau of Statistics of Labor has sought to secure information concerning unemployment in connection with its annual statistical survey of manufactures in the State. This work, constituting as it does the most important systematic effort made in the United States to obtain information concerning employment and unemployment, deserves an especially careful consideration.

The publication of the Annual Statistics of Manufactures was begun in 1886. The general character of this report is too well known to require extended comment. It is sufficient to say that the method pursued is to obtain annual reports from as many manufacturing establishments as possible, and then make a comparison of the returns from those for which reports for the last two years are available. The number of persons employed naturally constitutes an essential feature of the information demanded of the employers. These figures are then made use of by the bureau for the purpose of showing unemployment from year to year, and month to month. This is done by means of



two forms of presentation. The first is shown in the following summary taken from the report for the year 1898.

Comparative years.	Number of Establishments considered.	Range (unemployed at some time during the year).	Comparative years.	Number of Establishments considered.	Range (unemployed at some time during the year).
1886 } -----	1027	22.67	1892 } -----	4397	22.34
1887 } -----		21.43	1893 } -----		35.62
1888 } -----		21.28	1894 } -----		34.83
1889 } -----	1140	22.82	1895 } -----	4093	33.45
1890 } -----		23.36	1896 } -----		32.89
1891 } -----		20.48	1897 } -----		25.60
1892 } -----	1364	23.33	1898 } -----	4609	26.47
1893 } -----		21.95	1899 } -----		33.48
1894 } -----		22.09	1900 } -----		32.68
1895 } -----	3745	21.50	1901 } -----	4695	28.26
1896 } -----		22.48	1902 } -----		27.87
1897 } -----		23.10	1903 } -----		29.64

In this table the "Range (unemployed at some time during the year)" is obtained by considering the maximum number of persons employed in the establishments reporting as 100, and then finding the relation that the minimum number employed at any time bears to this figure. The difference between the two is the range.

That the bureau publishes this table as showing in some way the amount and variation of unemployment from year to year is evident, not only from the heading of the column, but from the following language that is used concerning it. In introducing the table, the report says:

"For the purpose of exhibiting the range of employment and unemployment year by year since 1886 as shown by these annual reports the following table of percentages is given."

In commenting upon the table the report reads:

"If the maximum number were continuously employed, the percentage of persons employed throughout the year would stand at 100; but inasmuch as there are in every industry certain times during the year when the number of persons employed is affected by temporary or prolonged shutdown due to dull trade, accidents, or other causes, and other periods during which, owing to increase of orders, etc., a larger number of persons is employed, the difference between the number of persons employed at these two periods may be represented by a percentage which indicates the number of persons unemployed at some time during the year, the duration of unemployment, of course, not being determinable. This percentage is shown in the third column of the table. It will be noted that in the comparison for 1886-1887 less than one-fourth of the

persons employed at the periods of employment of the greatest number were out of employment at some time during the year; *the proportion of unemployment* remained practically the same until 1892-1893, when in the latter year it slightly exceeded one-third, remaining at this figure until 1894-1895, in which latter year the range was again practically one-fourth; and since 1896 a gradual improvement will be noted."

Nothing could be more misleading than this table, and the language used in regard to it. The use made of these figures and the deductions drawn by the bureau are wholly unwarranted. If the figures have any value at all, it is not as they are here used. In the first place, the assumption is made that the highest number of persons returned by each establishment as employed at any time during the year represents its maximum labor capacity and that if that number were continuously employed there would be no unemployment. It may represent this and it may not. In point of fact this number has no necessary relation to the number of workingmen desiring employment. It may show from the manufacturer's standpoint the extent to which he was able to keep his plant in active operation, but it does nothing more. If we suppose two establishments which one month employ two and ten employees respectively and the next ten and two, the maximum number here would be twenty and the "range" of unemployment sixteen, or 80 per cent., although all twelve employees might have been continuously employed.

In the second place, it must be borne in mind that only establishments in operation during the two years are taken. There are thus eliminated at the start all establishments which are shut down; in other words, those establishments with the largest amount of unemployment are not considered. Still other objections might be urged, but it is unnecessary to comment further. As a measure of unemployment this table must be considered worthless.

The second method of presenting returns of employment is that of showing the variation in the number employed from month to month. This method is shown in the following table, which was taken from the Annual Report of the Bureau of Labor for 1893, and the figures for the subsequent year ended. In this table the maximum number employed during any month of each year is taken as 100, and the variation in the number employed

in other months is expressed in the form of percentages. The difference between these percentages and 100 represents the percentages of unemployment as shown in the table.

Months.	1889.	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.
January ....	3.42	5.10	1.57	4.45	2.41	6.43	4.34	1.59	3.55	2.23
February ....	2.13	3.71	1.11	2.98	1.85	5.02	4.14	.35	3.13	2.36
March .....	1.61	2.71	.72	2.07	.49	4.69	2.55	.15	1.95	.51
April .....	1.52	2.77	.30	1.01	----	2.86	2.17	.44	.50	.61
May .....	1.38	2.50	----	1.10	.60	2.16	.78	----	.45	2.87
June .....	1.37	2.04	.66	1.74	2.73	3.94	.81	2.67	2.98	2.91
July .....	2.35	3.13	1.89	2.85	7.92	7.20	3.04	7.28	6.75	4.26
August .....	1.69	2.45	1.73	2.38	16.75	9.54	2.08	10.29	7.37	3.71
September ..	.53	1.05	.83	.95	22.08	9.52	.71	8.79	2.03	2.77
October .....	----	----	.30	.07	14.32	1.78	.25	3.74	----	.16
November ..	.30	.76	1.02	----	14.02	----	----	3.04	.07	.36
December ..	.96	1.42	.76	.24	13.51	.76	.77	1.98	.62	----
Mean .....										

Data were not secured during the years 1886-1888 in such a form as to permit including those years in the above table.

As in the case of the first table there can be no doubt that the Massachusetts bureau considers this a legitimate means of measuring the variation in unemployment from month to month. In speaking of the figures for 1898 the report reads:

"The smallest number of persons employed in any single month in 1898 is found in July, the percentage indicating the number at work being 95.74; the difference between this and 100, namely 4.26, indicates the percentage of unemployment during the month." The reader may find it interesting to make similar comparisons for the industries in detail and may compute the percentages of employment and unemployment for any industry from the figures in the presentation on pages 36 to 67 (the detailed tables)."

Did this table really show what the above remarks would indicate it would be an exceedingly valuable presentation. Unfortunately it does nothing of the sort. The table shows the variation that took place from the maximum number employed during any one month, but this is far from showing the percentage of unemployment each month. The number employed during the month of greatest employment may represent but a portion of the total number of persons seeking work. Thus during a period of industrial depression extending over a number of years there might, and probably would, be a year of compara-

tive stability in such labor as was employed. In such a case the percentages in the table would be low, and as used by the Massachusetts bureau would seem to show very favorable conditions. Now, if we suppose a recovery to take place there would be a large difference between the number of persons employed during different months, and consequently the percentages would be high, and would seem to indicate bad conditions when the reverse was the case. High percentages may thus represent either that conditions are improving or the reverse, while low percentages give no indication as to whether a large or small amount of unemployment existed, but only that no radical change took place during the year. Moreover, the fact that a new basis is taken each year makes it impossible to treat the table as a continuous record, and this of itself destroys almost all value that such a presentation might have, even were there no other defects.

To conclude then, we must, unfortunately, forego making any use of the material published by the Massachusetts Bureau of Labor in its Annual Statistics of Manufactures for the purpose of measuring unemployment. The fact that such use is often illegitimately made of these figures is our excuse for having examined them at such length.

The objections urged against the Massachusetts figures apply to some extent to all returns of employment from manufacturers. Even the best of these, such as those showing employment at the London docks and in mines, are of importance, rather as showing intensity of work in particular industries, than as indicating with any accuracy the amount or fluctuations of employment from the standpoint of the employee. The drawback to the use of these figures for the latter purpose is evidently the lack of knowledge of the total number of workingmen seeking employment in those industries.

*Trade Unions' Returns:*—The last, and, as we shall see, much the most valuable class of efforts to obtain information concerning unemployment, is that which is based upon regular returns from trade unions of the number and per cent. of their members who were out of employment at the date of the return. This system is essentially different from that of taking a census of



unemployment. While the material obtained may be used as a basis from which to estimate the amount of unemployment existing in a country, its chief purpose is to furnish a record by which the movement of unemployment from month to month and year to year can be traced for a period of years. The merits and value of this method will fully appear in the consideration of the statistical data of this character that is being collected in different countries, that follows.

By far the most systematic efforts that have been made along this line are those of the Labour Department of the British Board of Trade. The fourth and fifth reports of the department on trade unions give information concerning the number and per cent. of trade unionists out of employment for a period of thirty years, beginning with 1860, while the Annual Abstract of Labor Statistics gives similar information more in detail for the years 1887 to the present date.

Our attention here will be confined to the latter period. Consideration of the data for the earlier period is omitted because, not only are the figures based upon fewer returns, but, as Mr. George H. Wood points out in the journal of the Royal Statistical Society,<sup>1</sup> the percentage of unemployment is calculated in an improper manner.

The same objections do not apply to the figures for the later period. As is well known, the British Labour Department, immediately upon its organization inaugurated the excellent system of securing monthly and annual returns from all the more important trade unions of the country. Among the questions asked of each union are the number of its members and the number and per cent. who are out of work on the last day of each month. Owing to the well-organized system of out-of-work benefits in connection with most English unions, these questions can be answered with exceptional accuracy. Returns are secured from unions embracing about half a million members.

The general result of this record of the per cent. of trade union members out of employment at the end of each month is summed up in the following table taken from the Annual Abstract of the Department and continued by information con-

<sup>1</sup> *Op cit.*, p. 193.

shown in the monthly *Labor Journal*. Fluctuation in employment is a movement that is peculiarly susceptible of presentation graphically. There has therefore been prepared a chart for this as well as for certain other tables that will facilitate greatly the apprehension of the important features of the movement shown.

At end of—	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916
January .....	11.1	7.1	3.1	1.4	3.4	5.3	10.1	7.0	4.2	4.3	3.3	5.0	3.0	2.7				
February .....	10.0	7.1	2.3	1.4	2.1	3.7	1.3	1.3	7.1	3.3	3.0	4.4	2.6	2.9				
March .....	10.0	5.7	2.3	1.7	2.4	3.7	2.1	4.3	4.3	3.3	2.5	3.1	2.5	2.3				
April .....	10.0	5.1	2.1	2.1	2.7	3.4	1.3	4.1	3.3	3.3	2.5	2.9	2.3	2.5				
May .....	10.0	4.3	2.1	2.0	3.1	3.3	1.3	4.3	4.1	3.3	2.3	2.7	2.5	2.4				
June .....	10.0	4.3	1.3	1.3	2.4	3.3	3.3	3.3	3.3	3.3	2.7	2.6	2.3	2.6				
July .....	10.0	3.1	1.7	2.3	3.3	3.1	2.3	7.4	5.3	3.1	2.7	2.6	2.3	2.7				
August .....	10.0	4.3	2.3	2.3	4.2	3.1	2.3	7.7	5.2	3.4	3.5	2.8	2.3	3.0				
September .....	10.0	4.4	2.1	2.3	4.3	3.3	2.3	7.3	4.3	3.5	4.4	2.6	2.4	3.6				
October .....	10.0	4.4	1.3	2.3	4.4	3.1	2.3	7.4	4.9	3.3	4.7	2.5	2.3	3.3				
November .....	10.0	3.1	1.3	2.4	3.3	3.3	2.3	7.3	4.3	2.9	4.8	2.3	2.3	3.3				
December .....	6.1	3.3	1.7	3.1	4.4	3.3	2.3	7.7	4.3	3.3	5.3	2.9	2.5	4.0				
Mean .....	1.2	4.7	2.1	2.1	3.3	4.3	7.3	4.7	5.3	3.4	3.5	3.0	2.4	2.9				

This table and chart constitute probably the most important single showing that is in existence regarding the problem of unemployment. Its value consists in the fact that it not only furnishes a basis for the estimation of the amount of unemployment at a given time, but gives the information in such a way that a continuous record for the period covered is furnished.

Before entering upon an analysis of the points brought out by the figures, the effort should first be made to determine the precise limits within which they may be used, and particularly to answer several objections that are urged against them as representing the general conditions of employment in industry.

In using any table purporting to give statistics of unemployment for a series of years, a clear distinction must be made between the measurement of the amount, and the measurement of the variation of unemployment. The necessity for this distinction is especially evident in the case of the table under consideration. It is manifest that this table furnishes a far more accurate record of the second than of the first condition of affairs. The table not only relates strictly to the class of skilled labor, but



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only to the members of that class who are organized in strong unions, and who are therefore as a rule more permanently employed. Further there is here no opportunity for the inclusion, as is the case in census enumeration, of loafers, vagabonds, old and disabled persons, persons voluntarily out of work, etc. Finally it is probable that in many, if not all, cases members out of work on account of sickness are not returned as unemployed, because they are in receipt of sick instead of out-of-work benefits, and the grant of out-of-work benefit itself is subject to various limitations. The table therefore should be considered as one in which all these elements which improperly swell returns of involuntary unemployment due to other causes than disability are carefully eliminated. It thus has the unique value of showing the net extent of unemployment among the skilled trades due to industrial conditions proper. As such it is, of course, improper to make any use of the figures in comparison with figures obtained through industrial censuses.

It would be equally improper to use these figures as showing conditions of employment generally. The problems of unemployment among skilled and unskilled or casual labor are quite different questions, and it would be difficult to judge of the amount of unemployment in one class from figures relating to the other. A general indication is offered, but that is all.

Turning now to the use of the table and chart as showing the movement of unemployment from month to month and year to year, we find that the limitations to its general use do not apply. In measurements of variations the important point is, not so much the comprehensiveness of the data employed, as that it shall always be of the same character. Whatever may be the shortcomings of the statistics obtained, they are not only of the same character at all times, but can be said to be fairly typical of all branches of industry.

This applies to unskilled as well as skilled labor, as the former is largely dependent as regards employment upon the same conditions as the latter. The general employment of skilled labor means greater opportunities for the employment of unskilled labor, and *vice versa*. As far as fluctuations in employment are concerned, therefore, this table and chart can be taken as fur-

nishing a record showing conditions generally. To our mind it is the best record obtainable of conditions of relative prosperity, a record which, as we have shown in our introductory remarks, it is so desirable to have. This is undoubtedly the feature of greatest value in the table.

With these explanatory remarks, we will examine the figures themselves with a view to determining the more important points brought out by them. If we consider the whole period, we see that the amount of unemployment has varied from 1.4 per cent. in January and February, 1890 to 10.3 per cent. in January, 1887. It would probably be fair to eliminate the first year, when the system of securing returns was not so well organized, and presumably the same care and control were not exercised. Omitting this year, the highest percentage of unemployment is 7.8 in January, 1888. If we consider the means for the year, omitting 1887, the variation is from 2.1 per cent. in 1889 and 1890 to 6.9 per cent. in 1894. The mean for the whole period of thirteen years is 4.2 per cent. Accepting this table as showing substantially the true condition of affairs, it may thus be said that on an average, during a period embracing both good and bad years, between 4 and 5 per cent. of skilled workers are out of employment, though able and willing to work.

The variations in this percentage from month to month and year to year is excellently brought out in the chart. During the years 1887 and 1888 conditions were generally improving and the amount of unemployment steadily diminishing. Then followed a period of prosperity during 1889, 1890 and 1891, when the percentage of unemployment was for the most part less than 3. The beginning of the industrial depression is plainly seen in the increase of unemployment in the latter half of 1892. This depression continued during the years 1893, 1894 and 1895, though conditions began to improve in the last of these years. Since then the chart indicates a high stability of employment, except during the winter months of 1897-98, on account of the great engineering strike of that date.

It is interesting to observe that in this chart two distinct movements can be traced to which the Labour Department has aptly applied the terms "cyclical," or extending over periods of years,

and "seasonal," or varying with the months of the year. In order to show these movements separately and more clearly, the figures should be shown by industries and classes of occupations. It is manifestly impracticable to attempt such a detailed study here. The figures are therefore given only for the two important classes of building trades, and engineering trades, and for all industries combined.

Taking up first the subject of seasonal variations, this movement is best brought out by taking a mean for the same months of a series of years. This gives us an average statement for the period by months. The result of such a calculation for the ten-year period 1887 to 1896 inclusive, is shown in the following table and interpretative chart on page 286.<sup>1</sup>

	Building trades.	Engineering, Metal, etc., trades.	All trades.
January .....	5.5	6.5	5.4
February .....	5.6	6.1	5.0
March .....	5.0	5.9	4.8
April .....	4.1	5.8	4.3
May .....	3.0	5.8	4.3
June .....	2.6	5.8	4.1
July .....	2.4	6.4	4.3
August .....	2.3	6.4	4.8
September .....	2.4	6.8	5.0
October .....	2.5	7.1	5.0
November .....	2.7	7.1	4.8
December .....	3.4	7.0	5.5

This table and chart are of importance as showing the essentially different conditions of employment existing in the building and in the engineering trades. As would be expected, the building trades show a large increase in unemployment during the winter months, while the engineering trades are but little affected. Nevertheless the percentage of unemployment in the building trades is at all times less than that existing in the engineering trades, and is generally less than that of all industries combined.

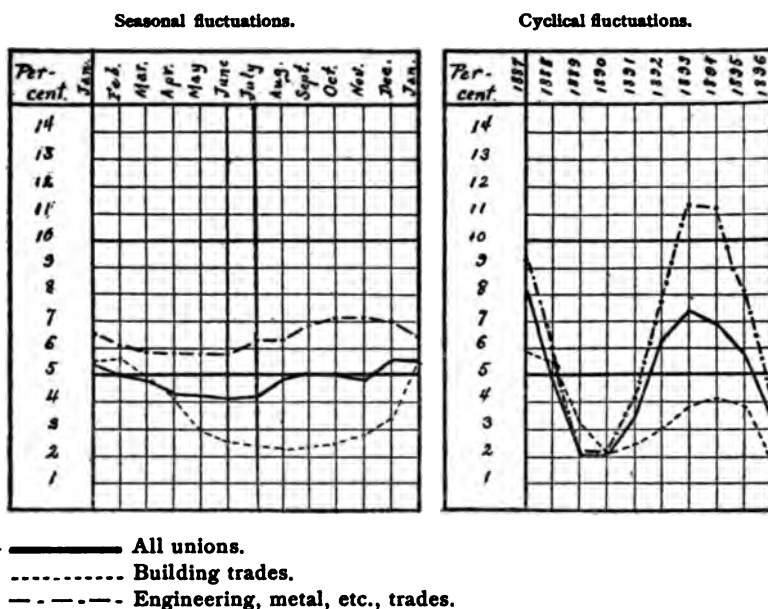
In order to show cyclical fluctuations of unemployment the

<sup>1</sup> The 10-year rather than the 13-year period was taken, as the calculations for it had already been made by the Labour Department, and the movement is shown equally well. The same reasons dictated the use of the 10-year period in showing cyclical changes.

mean for the twelve months of each year is taken, thus eliminating the element of seasonal fluctuations. This is done in the following table and chart for the same period as that covered by the table and chart showing seasonal variations.

Years.	Building trades.	Engineering, Metal, etc., trades.	All trades.
1887.....	5.9	9.4	8.2
1888.....	5.5	6.0	4.9
1889.....	3.3	2.3	2.1
1890.....	2.2	2.2	2.1
1891.....	2.5	4.1	3.5
1892.....	3.0	7.7	6.3
1893.....	3.8	11.4	7.5
1894.....	4.1	11.3	6.9
1895.....	3.8	8.2	5.8
1896.....	1.8	4.2	3.4

#### UNEMPLOYMENT IN GREAT BRITAIN.



The foregoing chart serves to bring out the great difference in the severity of industrial depressions extending over a number of years as regards different classes of industries. While



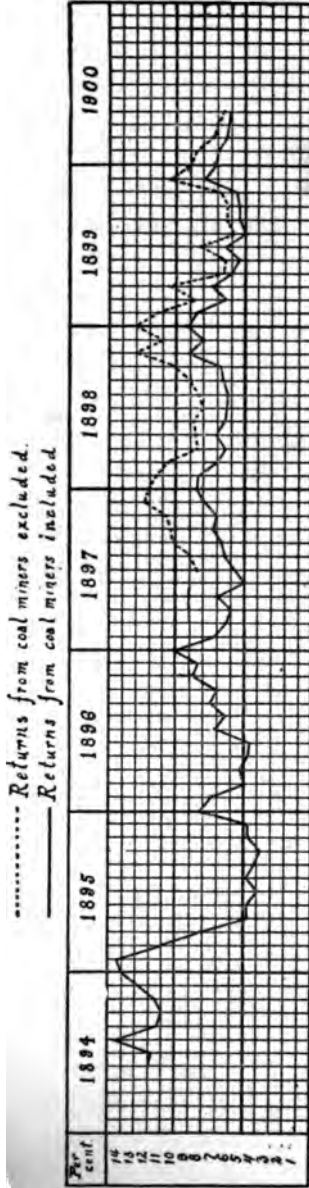
the engineering and metal trades are much less subject to seasonal fluctuations than the building trades, they feel the effect of industrial depressions to a far greater extent. In the building trades the greatest amount of unemployment was in 1887, and was then less than 6 per cent. In 1890, both the engineering and building trades showed less than 2 per cent. of their members out of work. The depression that began in the following year and culminated in 1893 and 1894 raised the percentage of unemployment in the building trades to but 4.1 per cent., while in the engineering trade the percentage was increased to 11.4 per cent.

These figures show that the problem of unemployment is largely seasonal as regards the building trades and cyclical as regards the engineering and metal trades. It is interesting to observe that to a certain extent the variations in the different trades counterbalance each other, as the variation shown for all trades is less violent than that for either of the two classes of trades for which we have shown the data.

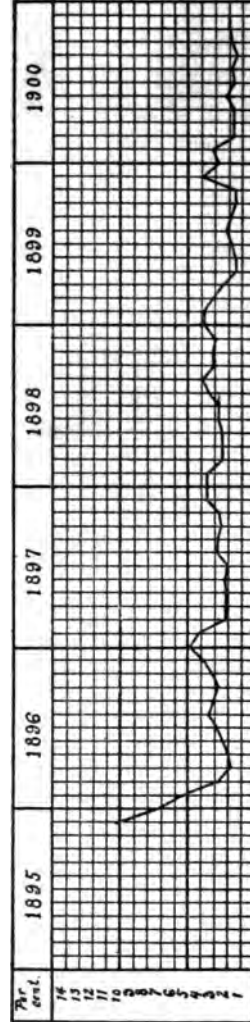
The value of the record of unemployment secured by the British Labour Department was quickly recognized by the French labor bureau. Beginning with June, 1894, it has attempted to obtain a similar record through returns from trade unions, which are published in the Bulletin of the office. The information is not presented in such a way that it can be readily reproduced in tabular form. Each July number of the Bulletin, however, contains a chart showing the fluctuations in unemployment since the system was organized. A copy of this chart brought down to the latest date possible is reproduced (p. 288).

In making use of this chart it should be borne in mind that the returns here shown cannot pretend to the same degree of accuracy as those obtained from the British unions. The French *syndicat* is not the stable and conservative body that is the English trade union. While the latter is to a considerable extent recognized by the employing class, the former enjoys this advantage in but exceptional cases. French unions are more largely fighting bodies and are in frequent strife with the employers of their members. It is not surprising, therefore, that the amount of unemployment shown is considerably larger than that shown

# *Percent of Trade Unionists Unemployed in France.*



# *Percent of Trade Unionists Unemployed in Ghent, Belgium.*



by the English table. The unusual amount of unemployment shown in 1894 is undoubtedly due to a considerable extent to the fact that the system of securing returns from unions was just being organized. While the French chart cannot be used with the same confidence as the English one to show the amount of unemployment, it nevertheless indicates fluctuations in employment with a fair degree of accuracy.

In Belgium a similar effort to that of England and France has been made by the labor bureau to follow conditions of employment through trade union returns. The returns, however, relate to so small a proportion of all workers that the director of the bureau declares that he is unwilling to print them in tabular form. An exception, however, is made in the case of the important manufacturing center of Ghent. Here, thanks to the efforts of M. Louis Varlez, a comparatively accurate and comprehensive system of returns from the labor unions has been organized.

This system has now been in operation for over four years, and the results are published in the January numbers of the *Revue du Travail* of the labor bureau. The information is given separately for ten chief classes of industries for the period December 15, 1895, to November, 1899. It would be interesting to reproduce the figures for each industry separately. To do so, however, would require more space than is at our disposal, and we must therefore content ourselves with a general table

Months.	1895.	1896.	1897.	1898.	1899.	1900.
January .....	----	7.4	4.8	3.6	3.8	2.8
February .....	----	5.5	4.2	3.6	3.9	3.2
March .....	----	2.7	2.2	2.5	3.1	1.7
April .....	----	1.9	2.1	2.5	2.4	1.7
May .....	----	2.0	2.1	2.5	1.5	1.7
June .....	----	2.5	2.2	2.7	1.6	2.3
July .....	----	2.9	2.0	2.7	1.8	1.7
August .....	----	3.5	2.8	3.5	2.2	1.8
September .....	----	3.2	2.8	3.9	1.9	1.5
October .....	----	2.9	2.6	3.1	1.6	1.9
November .....	----	3.2	2.7	3.0	1.6	2.1
December .....	10.2	3.9	3.6	3.0	4.0	----
Mean .....	10.2	3.9	3.2	3.5	2.4	2.0

and chart (p. 288) showing the percentage of unemployment each month during the period for all the industries combined. The percentages are based on returns from about forty unions embracing in the neighborhood of 14,000 members.

This record, though confined to a single city, is a very interesting one. The data are obtained by a trained investigator, residing in the city and in a position to exercise a rigid supervision over the returns. The information must, therefore, be taken as showing with close approximation the actual condition of affairs. While the small amount of unemployment shown is remarkable, it must be remembered that employment in Belgium is very stable and that the country has enjoyed an unusual degree of industrial prosperity during recent years.

A considerable difference is found in the extent of unemployment in the different classes of industries. Thus the means for the four years 1896 to 1899 inclusive were in the textile trades 1.9, 2.3 and 1.8 per cent. respectively. The metal and wood-working trades were equally stable. On the other hand, the building trades showed 19.8, 11.4, 8.1 and 9.5 per cent. respectively, and the clothing trades 8.5, 10.8, 19.6 and 18.6 per cent. respectively. The low per cent. of unemployment for all trades combined is thus due to the great importance of the textile industry in that city.

The United States has as yet little to show in the way of records such as we have been considering. The New York Bureau of Labor is the only labor bureau in the United States that has attempted to secure returns from trade unions at regular intervals. Its system was inaugurated in 1897 and has been continued until the present time. The information sought from each trade union, as regards unemployment, is the number and per cent. of its members out of work on the last day of each quarter, the number and per cent. who were idle during the entire quarter, and the number of members of unions classified according to number of days worked during the quarter.

This system, it will be observed, differs from the European system by calling for more detailed information concerning the season of unemployment and by being based on quarterly instead of monthly returns. This latter practice is much to be



regretted, as it is much more difficult to measure fluctuations over such long periods, and the matter of seasonal fluctuations can scarcely be brought out at all.

The returns received by the bureau are presented in the Bulletin of the bureau in considerable detail. They show by industries and for all trades combined the number and per cent. of trade unionists out of work during the entire quarter and on the last day of the quarter, and the number of days worked by union members.

Quarters ending	Per cent. idle at end of quarter.			Per cent. idle during entire quarter.		
	1897.	1898.	1899.	1897.	1898.	1899.
March 31.....	30.6	21.0	18.2	24.8	10.1	13.1
June 30.....	18.1	20.7	10.7	11.8	6.0	3.6
September 30.....	13.8	10.3	4.7	6.5	5.7	2.3
December 31.....	22.6	27.2	19.6	5.8	9.0	4.7

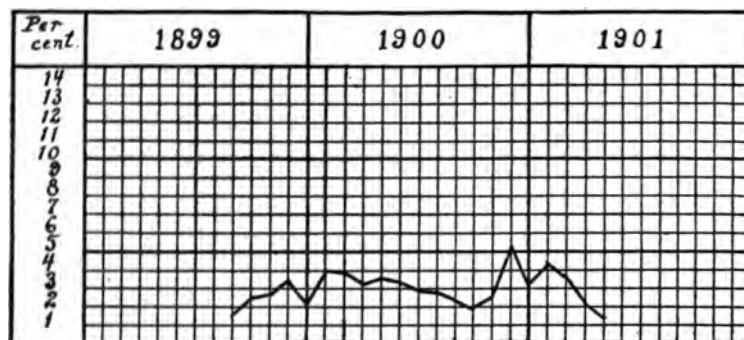
The foregoing statement shows the per cent. of members who were returned each quarter as out of work on the last day of the quarter and out of work during the entire quarter. It needs but a slight examination of these figures to show that the returns here given are, to say the least, unreliable in the extreme. That real unemployment to the extent that would here seem to be indicated does not exist, is practically certain in view of the foreign records that we have considered. While an inspection of the report does not enable us definitely to locate the cause of the error, it is probably due to the unions either failing to understand exactly what is meant by unemployment or else including large numbers of persons as members of the union who are permanently unemployed. The large number returned as out of work during the entire quarter would seem to warrant this latter conclusion. In any event, these figures must be considered as of slight value as far as they purport to throw any light upon the subject of unemployment.

Within the past year, however, the American Federation of Labor has started a system of securing returns regarding unemployment among its members that bids fair to furnish a record of the fluctuations of unemployment comparable in value to

those of the foreign countries we have considered. This record begins with September, 1899, and thus runs for only a few months. The results for all trades combined are published monthly in the *American Federationist*. The following table gives the record thus obtained as far as it has been compiled.

RETURN OF UNEMPLOYMENT—AMERICAN FEDERATION OF LABOR.

Month and year.	Unions reporting.	Membership.	Per cent. unemployed.
September, 1899	394	29,577	1.6
October, "	250	30,333	2.5
November, "	738	56,999	2.7
December, "	862	74,825	3.4
January, 1900	858	71,738	2.1
February, "	885	73,891	4.0
March, "	957	75,234	3.9
April, "	653	42,831	3.3
May, "	660	45,473	3.6
June, "	668	46,255	3.4
July, "	671	46,956	2.9
August, "	678	47,192	2.8
September, "	689	47,904	2.3
October, "	693	48,132	2.0
November, "	694	54,168	2.6
December, "	703	48,289	5.3
January, 1901	697	48,482	3.1
February, "	708	47,405	4.4
March, "	710	48,935	3.7
April, "	996	78,874	2.2
May, "	1,021	81,557	1.4



These returns, while of great interest, must of course be used with care, as it is evident that the base for the calculation is as broad as one would like. The information is presented with little or no comment. That they may prove of the most

value it is desirable that they should be accompanied by explanations for the fluctuations in employment that are shown. Particularly should the effort be made to indicate which trades are responsible for the variations. The American Federation of Labor, however, deserves credit for the beginning that it has made; and it is to be hoped that it will develop its system in the way of presenting the returns by industries.

We have now completed our task of passing in review all the more important investigations that have been undertaken, either in the United States or in other countries, for the purpose of obtaining statistics of unemployment. While the general character and purpose of each inquiry has been described, the important work remains to subject these efforts to a more comparative study, for the purpose of determining, in the light of the experience thus made available, the essential elements involved in the problem of measuring unemployment, and the relative merits of the different methods of investigation that have been pursued.

The first point to be noted is that the measurement of unemployment comprehends two quite distinct tasks; that of the determination of the *amount* of unemployment existing at a given date, or during a given period, and the measurement of the *fluctuations* in employment from month to month and year to year.

In consequence of the difference between these two aims we find radically different methods pursued according as one or the other of the objects is sought. It is not necessary to pass judgment upon the relative merits of these two lines of inquiry. Each has advantages not possessed by the other, and the material derived from each is necessary in order to obtain the information that it is desirable to have concerning unemployment.

For the determination of the amount of unemployment we have found but two legitimate lines of inquiry, that of the special investigation, and that of securing data in connection with regular censuses of population and industry. The method of securing information through manufacturer's returns was found to be of but limited value and as pursued by the Massachusetts bureau fundamentally defective.

Of the two methods, that of the first, or special investigations, is, for reasons already given, of but limited value. The fact that the inquiry is necessarily hastily conducted, that it cannot cover the whole ground, and that the results are largely arrived at through estimates and deductions, prevents such investigation from having much permanent value, though they may serve a temporary useful purpose. Where a city is in possession of an efficient statistical bureau, as is the case in many European cities, however, there seems to be no reason why a special investigation of great value might not be made for its special district. The abundant means of control through the police authorities, school and other municipal officers, should make it a comparatively easy matter to secure accurate returns.

For adequate information concerning the amount of unemployment in the whole country, however, reliance must be placed on inquiries in connection with general censuses. The advantages of this method lie in its comprehensiveness, and in the fact that in this way only can information regarding all classes of the population be obtained.

On the other hand, the very extent of the investigation, and the consequent difficulty of exercising the proper amount of control and supervision, render it imperative that the questions asked should be few in number, and only call for that information which it is certain the persons to whom the schedule relate will be able to answer. The experience of the German census is exceedingly valuable as showing the many ways in which errors can creep in.

In deciding upon the particular questions to be asked, the important choice lies between those calling for the amount of unemployment existing at the date of the census and the amount of unemployment having occurred during the census year. The German and Rhode Island censuses called for the former, and the United States and Massachusetts censuses for the latter information. Of these two methods the former seems to us much the more desirable. Not only is information concerning the amount of unemployment existing at a given date almost as good a measure of the extent of unemployment as that showing unemployment for a considerable period, but it can be



obtained with a far greater degree of accuracy. It is certain that questions requiring each person to say how long he was out of work during the preceding year will be answered only in a very rough way, and the answers will be likely to include all sorts of improper periods of time when the party was not, strictly speaking, out of work.

In addition to this primary point of the number of persons out of employment, the effort should be made, as was done in the German census, to determine whether the unemployment was due to sickness or to other causes. Indeed, it seems to us that this question might be expanded so as to include the three queries: Is your present unemployment due to (a) sickness or other physical disability; (b) other cause beyond your control (discharge, shut down of works, inability to find employment, etc.); and (c) your own voluntary action (dissatisfaction with conditions of last employment, vacation, removal from one place to another, etc.)

Finally the question should be asked: How long has your present unemployment lasted? The purpose of this question is not, as might be supposed, to ascertain the duration of unemployment, for that it will not do for reasons already given. Its object is to afford an indication as to whether the unemployment is due to permanent incapacity or disability of the person answering, for it can fairly be inferred that those returning themselves as unemployed for a year or more do not properly belong to the productive class able and willing to work. Answers to this question are of use therefore chiefly as a check upon other replies.

Beyond these three questions it does not seem to us that general census inquiries should attempt to go. When the replies to these are properly tabulated by sex, occupations, industries, etc., the more important features regarding unemployment will be brought out. The effort that has been made in a number of cases to distinguish between employment in the principal or other occupation does not seem to us of sufficient importance to justify the certain confusion that it introduces into the investigation.

There is one feature in the German census that is of very great importance to have brought out if possible. This is the distinc-

tion made between persons who are employers or independent artisans and those who are employees. This is a point, however, that relates to the general character of the whole industrial census, and must be decided in accordance with all the circumstances surrounding such an undertaking. In any case detailed and careful instructions should be given to the enumerators regarding the exact nature of the information that it is desired to obtain, what should and what should not be deemed to be unemployment, etc.

Finally, in concluding our consideration of this subject, it should be said that the investigation of unemployment is one that can be made with the best results by the individual States, as they are concerned usually with fairly homogeneous populations. In any investigation there seems to be no reason why the attempt should be made to secure information from the agricultural classes, those engaged in the fisheries, etc.

Turning now to the subject of the measurement of the fluctuations in unemployment, we have to deal with a much simpler problem. Here it is not necessary that completeness should be obtained, it being generally sufficient if the data secured are fairly representative and of the same character during the period covered. To secure material of this character, by far the most practicable method now available is that of securing returns from trade unions of the number and per cent. of their members out of employment at the end of each month. Attempts to measure the movement of unemployment through returns from employers rest, as we have seen, upon an insufficient basis.

Trade union returns have a number of great advantages. They relate strictly to persons belonging to the employee class. They include only those actually desirous and able to work. They refer year after year to practically the same body of employees. They classify trades and occupations far more accurately than can possibly be done in a statistical bureau working from individual schedules; and finally, the margin of error that exists is probably nearly constant from year to year and thus does not affect the showing of the movement of unemployment.

It is unnecessary to discuss at length the manner in which statistics of unemployment should be presented after the data



have been secured, as this matter has been fully considered in our analyses of existing statistical material. The most important point is that the problem of unemployment is essentially one that should be treated by occupations and industries, and that the data should as far as possible be presented by detailed trades. In making summaries the most important distinctions to be brought out are those between manufactures, transportation, etc., between the factory trade and the handicrafts, or production on the large and on the small scale, and between skilled and unskilled labor. The latter is of especial importance, and it is to be regretted that we are not in possession of information showing unemployment in the class of ordinary labor with the accuracy shown by trade union returns for skilled labor.

To conclude now our long, though by no means exhaustive study, it would seem, in view of the value of the results to be obtained in comparison with the efforts required, that the main effort of statistical offices in the future should be directed towards the organization and perfection of systems of regular returns of employment from trade unions. Such systems are now in full operation in several foreign countries, and an excellent beginning has been made in this country by the American Federation of Labor. With greater care there is also no reason why the work of the New York Bureau of Labor should not become of greater value. This line of work, moreover, is peculiarly one that might be followed with profit by the various State labor bureaus, and the municipal statistical bureaus where such have been created. Finally, an effective system once organized, it would be possible, either as a regular feature, or on special occasions, to call for more detailed information from the unions, such, for instance, as that regarding the causes and duration of all cases of unemployment reported. With records extending over considerable intervals of time, information of very great value would be afforded, not only concerning the problem of unemployment strictly speaking, but concerning the whole of the vexed problem of industrial depressions.

WILLIAM FRANKLIN WILLOUGHBY.

U. S. Department of Labor.

## THE SOCIAL CONSEQUENCES OF CITY GROWTH.<sup>1</sup>

THE migration of the country population into the cities, while not the most important, is certainly the most striking of the social phenomena incident to city growth. The violent opposition which this movement first aroused was the expression of a deeply-rooted moral antagonism to city life. That the city is a necessary evil, the center of vice and the nursery of crime, pervades the theological literature of the eighteenth century. To avoid the temptations of the city was one of the first precepts of Puritan morality and the cry of the French philosophers—"return to Nature"—was largely a reaction against the conventionalities of city and court life. It is not surprising, therefore, that the political philosophy of the early decades of the nineteenth century should take a pessimistic view of the future of a civilization which is building up its cities at the expense of the country districts.

A broader grasp of the process of social evolution, supplemented by a more thorough analysis of the conditions of city life, has considerably modified this pessimistic view of our social development. We are beginning to see that the constant flow of the rural population into the cities is one of the great compensating forces of nature, necessary to the continued vitality, if not to the very existence of city life. That the city population cannot maintain its vigor unaided, is shown by the vital statistics of every country in which such data are accurately recorded. City life—at least in its present form—saps the vitality of the population, diminishes the average span of life and reduces the percentage of survivors.<sup>2</sup>

<sup>1</sup>This article is intended to supplement the discussion contained in "The Political Consequences of City Growth," published by the author in the *YALE REVIEW* of May, 1900.

<sup>2</sup>Professor Langneau, in an interesting comparative study of the population of France and of the Department of the Seine, entitled "*Essai de Statistique Antropologique sur la Population Parisienne*," has shown the influence of



This dependence of the city upon the country districts involves consequences of the most far-reaching importance to the future of our civilization. If physical decline and decreasing birth-rate are necessary accompaniments of city growth, it is evident that every modern nation is doomed to slow but certain extinction. The process will begin when the percentage of population living under urban conditions is so large that the cities can no longer draw upon the rural districts to maintain their vitality. The question, therefore, of the influence of the city environment upon the individual is one of the most important in the whole field of the social sciences and involves some of the fundamental questions of national growth.

Individual as well as racial progress involves an endless series of adaptations to environmental conditions. Every change in the conditions of life makes new demands upon the individual. Failure to meet new requirements carries with it a corresponding disadvantage in the struggle for existence. For the individual and the class such failure means gradual elimination from

reduced vitality upon the population. The following table shows the average number of survivors of every ten thousand infants born in France as compared with the same number in the Department of the Seine.\*

		Of 10,000 Infants born there are surviving in	
Age.		France.	Dept. of Seine.
From	0 to 5 years	7,036	4,897
"	5 " 10 "	6,620	4,675
"	10 " 15 "	6,392	4,561
"	15 " 20 "	6,111	4,313
"	20 " 30 "	5,452	3,567
"	30 " 40 "	4,880	2,918
"	40 " 50 "	4,227	2,288
"	50 " 60 "	3,353	1,588
"	60 " 70 "	2,163	847
"	70 " 80 "	714	247
"	80 " 90 "	61	22

According to the same author 10,000 native-born Parisians leave but 5,996 descendants. So rapid is the decline that with the eighteenth generation the entire population would disappear. While, therefore, the movement of population from the country districts is in one sense a danger to the physical vigor of the race, it is the only means of preventing the disappearance of the city population.

\* The Department of the Seine contains Paris and two small communes.

the community through the manifold agencies of natural selection, such as disease and vice, or of artificial selection operating through the criminal code and the poor law.

An excellent instance of this process of elimination acting upon the classes unable to resist the temptations of city life is to be found in the application of the criminal law. It is usually assumed that the city population shows a distinctly lower moral tone than the population of the rural districts, and in support of this view the greater number of misdemeanors and crimes committed in cities is usually cited. If the figures alone are considered, the contention seems justified.<sup>1</sup> But when we stop to make a further classification we find that so far as offenses against the person are concerned, the proportion is nearly the same in rural and urban districts, whereas there is a wide discrepancy in favor of the rural districts in the offenses against property. These facts point to quite a different conclusion as to the moral tone of the country as compared with the city, for in the offenses against the person we have a more effective test of the level of morality than in the offenses against property.

It is evident, even to the casual observer, that the opportunities and temptations to violate property rights are far more numerous in the city than in the country districts. The mere fact of close and constant contact brings individuals into relations with one another which require far greater self-control to avoid encroachment upon property rights than is the case in the rural districts. For instance, the temptations to business dishonesty of different kinds, such as the adulteration of food products, fraudulent bankruptcies, etc., are infinitely greater in the larger cities. Furthermore, the greater division of labor in the urban centers leads to the introduction of large numbers of persons into the household performing minor services and thus increases the possibility and temptations to petty thefts. It is evident, therefore, that we must be extremely careful in drawing

<sup>1</sup> Thus in a comparison of ten agricultural and industrial counties of England we find in the former 0.71 crimes and 13.84 misdemeanors per thousand inhabitants; whereas in the industrial counties the ratio of crime is 0.90 and misdemeanors 23.81 per thousand inhabitants. Again, in France the proportion of accused in rural districts is 0.7 per thousand; whereas in the urban centers the proportion is 1.4.

conclusions from criminal statistics, as to the moral standards of city life. Viewed from the broad standpoint of social evolution, it means that under the conditions of city life, those who lack the moral stamina to withstand these additional temptations are gradually eliminated, peopling our houses of correction, jails and prisons. While, therefore, to the individual, lack of self-control means elimination from society, it involves gradual extinction for the community unless new and better elements are constantly introduced from without. This increase in temptation to wrong-doing is but one of the indications of the radical change in environmental conditions incident to the transition from country to city life. We are but beginning to appreciate its full significance.

The mere fact of close aggregation means a degree of interdependence between the individuals of the community unknown to country life. With increasing density of population the points of contact between individual activity and social welfare become more numerous. The facts of everyday experience offer numerous illustrations. In the country districts the sanitary condition of the home is a matter of individual concern in which the community at large has but an indirect and remote interest. In the city, however, the situation is radically changed. Every unsanitary dwelling is a direct menace to the welfare and safety of the community; neglect to fix the standards of sanitation means reduced vitality and diminished industrial efficiency. The heaviest burdens of such neglect fall upon the classes least able to bear the strain, particularly in cities in which the tenement house system prevails. Under such conditions, escape from the influence of neighbors becomes impossible. As we descend the scale of income, the degree of inter-dependence becomes greater. The manner of performing the ordinary routine of household duties directly affects the comfort and often the health of a whole district. Even in cities where the tenement house is the exception, as in Philadelphia, there is no escape from the ignorance and selfishness of neighbors.

As another illustration of the influence of the city environment upon individual conduct, let us take the use made of the back yards of our city dwellings. In the country, the management of

the farm is determined by the choice of the individual owner, and with the exception of a few unimportant restrictions the community does not attempt to limit freedom of choice. To permit anything like the same liberty of action in a densely crowded community involves the most serious dangers. In a city like Philadelphia, for instance, with its hundred thousand workingmen's dwellings, we find the backyards used as a dumping ground for refuse matter. Adaptation to the city environment has not advanced sufficiently to develop a feeling of social responsibility on the one hand, or to convince us of the necessity of enforcing higher standards of individual action, on the other. As the more progressive elements in the community begin to appreciate the type of conduct required for the fullest utilization of the opportunities of city life, the feeling of social responsibility begins to appear. This stage once reached, the final step will be to enforce the new standards upon the less progressive elements through legal enactment. At the present time but a small section of the community ever stops to think of the reactive influence of individual conduct upon social welfare. The enforcement of new standards of conduct seems to imply, at first glance, a serious encroachment upon the domain of individual liberty. In a country in which the fundamental principles of government have been framed with a view to securing personal and property rights, the problem of effecting a modification of political standards in the direction of greater governmental regulation is peculiarly difficult.

A careful analysis of the situation will show that adaptation to the city environment implies a modification of the concept of liberty rather than an actual narrowing of the field of free choice. We have become so accustomed to identify "liberty" with "freedom from restraint" that any increase of governmental control is regarded as a step toward governmental tyranny. To the average citizen, liberty is an absolute term—a definite and unchangeable series of individual choices. While the tyranny of social custom is not looked upon as a real restriction of personal liberty, every increase of legal regulation is so ded. Even in the philosophic discussions of the subject we find a recognition of the fact that the range of choice in



a progressive society is constantly increasing. Differentiation of wants and diversification of opportunity for their satisfaction are of the very essence of social progress. The intellectual and industrial stimulus developed by close aggregation of population finds expression in the greater variety of wants, and an increasing variety of choices in consumption. Striking illustrations of this fact may be drawn from the food supply, the clothing, the occupations, the amusements, recreations, and intellectual opportunities of the city. In all of these the possibilities of choice are immeasurably greater than in the country. While this wider range of choice is one of the conditions essential to progress, it begets new dangers, both to the individual and to the community. The community has a very definite interest in the kind of choices which the individual may make.

The danger to social welfare involved in an unintelligent selection of food, drink, or enjoyment, is increased rather than diminished by a rise in the rate of wages. With every increase of income the range of choice is widened. As long as the choice of food, occupation, or amusement which the individual may make does not injuriously affect broader social interests, regulation through law is not only unnecessary but positively oppressive. To make the right choices, however, presupposes a degree of self-control and discrimination which is to be found in but a small fraction of the population. The bitter lessons of English experience during the early decades of the century have demonstrated for all time that unregulated development brings with it the most serious evils, endangering the health and safety of the community. The food supply of the population must be carefully inspected in order to protect the housekeeper against the allurements of mere cheapness, which usually means adulterated or otherwise unwholesome commodities. In the regulation of the liquor traffic the community endeavors to minimize the temptations to drunkenness and crime. The building laws and tenement house regulations are designed to protect the population against the consequences of unsanitary surroundings. Trade regulations exclude certain occupations from the field of choice and in the case of unwholesome trades determine where and under what conditions they shall be carried on. This extension of governmental

control, which registers with considerable accuracy the gradual adaptation of the population to the city environment, has not been effected without a struggle. The eighteenth century interpretation of individual liberty had to give way before the pressure of evils which threatened to retard national progress. A century's experience has taught us that the process of adaptation is far from being complete. On all sides we have evidence of wide discrepancies between individual conduct and social welfare, but the undue prominence given to individual rights has obscured the new relation of the individual to the community.

In the United States, the belief in absolute individual rights makes it possible for the individual to take refuge behind the Constitution in the attempt to enforce his individual will or pleasure as against the best interests of the community. It is this attitude towards the freedom of the individual which encumbers our sidewalks with all sorts of obstructions, which enables the soap manufacturer to burden our streets with blazing advertisements, and which makes it possible for one individual to ruin the architectural effect of an entire section of the city. All this goes to show that the city environment demands an essentially different type of conduct and consequently a different type of morality from that which prevails in the rural districts. In the city, the individual must constantly keep in mind the reactive influence of his acts upon the welfare of the community. Communal welfare must become an important factor in the motives that determine action. The analysis of the forces that determine the development of such standards of conduct furnishes the key to civic progress.

As civilization advances from the condition of rural isolation to the close association of city life, a marked change takes place in the degree of dependence upon purely physical conditions. The mere fact of increasing density of population involves the gradual development of an artificial environment to replace natural physical conditions. The plotting, grading and paving of streets, the construction of wharves, the public water supply and drainage system—in short every public work—supplies a need which natural conditions fail to meet. Every increase in municipal functions marks another step in this encroachment of the artificial upon the natural.

This power over the environment carries with it the most far-reaching consequences; it places upon the community a large share of the responsibility for social advance. For the greater portion of the population the question of an elevating or degrading environment is decided by the community in its organized capacity. That we have failed to recognize this fact in our American cities has been due to one of the defects of our strongest virtue—the intensity of home life.

The development of the home, and of the instincts and feelings which group themselves about the home ideal, has been and still is the leading characteristic of our social life. It is the phase of American character which impresses itself most forcibly upon the foreigner. Our individualism, intense as it is, stops short of the family group. Devotion to the family and to family interests occupies so high a place in public opinion that it can readily be used to cloak fraud and dishonesty in business relations. Business reputation will stand many shocks if well padded with domestic virtues. Offences against family integrity, on the other hand, are visited with punishment which is often cruel in its severity. No one will deny that this high development of home life has played a most important part in the formation of American character and that it has been one of the strongest safeguards against the excesses which usually accompany rapid material progress. In spite of their great social value in other directions, however, our home ideals have retarded rather than promoted civic advance. This does not mean that there is a necessary and inherent antagonism between home instincts and civic ideals, but rather that modern social development has placed a premium upon the domestic virtues. Family responsibilities stimulate those industrial qualities which make for economic progress, whereas civic zeal is often a real hindrance to business success.

Thus, the powerful economic forces that contributed towards the isolation of the home have diverted attention from the enormous power which the community, in its organized capacity, wields and must always wield for good or evil. It is a mistake to suppose that a passive attitude means a neutral attitude, for the mere fact of concentration of population involves a change of



environment. The only question at issue is whether this environment shall be consciously modified by the community with a view to developing new moral qualities and stimulating higher ideals, or whether unregulated development shall be the course adopted. The answer to this question is not difficult when we stop to consider the nature of the interests at stake—the physical vigor and moral tone of the community.

The exercise of the community's power over individual conduct is largely dependent upon one of the most important of the laws of social choice, that of "minimum cost." In the selection of food, of recreations and amusements, the individual seeks a maximum of enjoyment for a minimum outlay. Changes in habits and mode of life, in order to be permanent, must rest upon this basis. When, therefore, the transition from country to city life makes necessary radical changes in the standards of conduct, the modification of environmental conditions may be made to contribute towards this end. The conditions of life in our great cities offer striking instances of the power which the community may exercise. The improvements of the last few years in street construction have already changed the habits of a considerable proportion of the population. Rapid and easy communication between different parts of the city has been made possible; the bicycle, instead of being a luxury, is within the reach of all; the electric railway serves the two-fold purpose of transportation and recreation. The local environment of the individual has been enlarged, and with this enlargement of environment there will come a broadening of civic interests. Municipal policy is at present determined by a process of compromise between sectional demands rather than on the basis of general communal welfare. One of the first effects of the improved means of communication will be to bring to large sections of the population an acquaintance with the city as a whole. The way will thus be prepared for the growth of a distinctive municipal spirit, to which petty district interests will be subordinated.

Again, the influence of the saloon is largely to be explained by the fact that in most American cities it is the only center of social intercourse and amusement readily accessible to the working classes. Little or no attempt has been made to develop



institutions which will serve all the purposes of the saloon without its degrading influences. The success of the few disconnected efforts of private associations to offer counter-attractions is but an indication of the possibilities of the wider and more efficient action of the community in its organized capacity. No one who has studied the influence of institutions such as Toynbee Hall and the People's Palace can have failed to be impressed with their influence upon the habits and morality of the population.

At the present time the attractiveness of the saloon is greatly enhanced by reason of the uninviting appearance of the streets in certain sections of our large cities. We are but beginning to appreciate the fact that permanent improvements in city life are dependent upon institutional changes, upon better opportunities for recreation and enjoyment rather than upon argumentation and agitation. The distinction between good and bad citizenship runs parallel with the line of division between the wholesome and injurious use of leisure. Unless the opportunities for the use of such leisure are abundant, healthful, elevating and readily accessible, the population will hold to its inherited tastes and instincts. Instead of many and varied pleasures there will be a few violent and exhausting indulgences, such as drink and debauch, which eventually sap the vitality of the population. Private associations may be able to reach small groups, but to exert a lasting influence, the concerted action of the community is required.

The condition of the water fronts of American as compared with continental cities furnishes one of the most striking illustrations of this fact. With rare exceptions we have permitted our water fronts to be utilized as best suited individual convenience. The result has been, not only to destroy any natural beauty which they may have possessed, but to make the districts in which they are situated uninhabitable. It is only necessary to call to mind such superb harbors as New York, Boston and Philadelphia, which, as regards natural beauty, rival, if not outrank, the other cities of the world. We have proceeded upon the assumption that commercial convenience and cleanliness are incompatible, and as we are determined to obtain the former,

the latter has been sacrificed. The failure to make the most of environmental possibilities involves far more than the loss of aesthetic training. It deeply affects the moral tone and industrial efficiency of the community and greatly reduces its possible enjoyments. Instead of making the water front districts the most attractive promenades and recreation centers, they have become the haunts of the very worst elements. As generation after generation is brought up under the same unfavorable surroundings, the moral fibre, the vitality and the industrial qualities of the population of these districts tend to decline. Thus are formed the breeding spots of disease, vice and crime which bar the way to social progress.

The contrast between two such great ports as Havre and New York is full of instruction. The French have succeeded in combining the two principles of commercial utility and artistic beauty. Instead of permitting every individual to assert what he believes to be his economic interest—which in such cases usually means cheap and unsightly structures—the community itself undertakes the management of its riparian rights and requires that warehouses and other buildings conform to a general plan. The result has been that in Havre, as in most of the cities of France, the quays are the great centers of social amusement. In most cases they serve all the purposes of great public parks; brilliantly illuminated, readily accessible, the center of civic pride and a powerful stimulus to civic activity.

From this analysis of the relation of the individual to the environment, it is evident that the morality and civic standards of all classes are profoundly influenced through changes in the conditions of life within easy reach of the community. That advance in this direction has not been more rapid has been due to three influences which have weighed heavily on civic progress—inheritor, inertia and ignorance. The first of these—inherited ideas and standards of conduct—is the most important, as it is at the root of much of the inertia and ignorance of which we hear constant complaint. While the fact of maladjustment between the environment and the habits and customs of the population is so evident as to require but little demonstration, it is a matter of some difficulty to discover the nature of the forces which make for adjustment.



In the many and varied agitations for political reform, so characteristic of the closing decade of the century, one can readily discern a common principle which seems to characterize all—an unbounding faith in the efficacy of an appeal to individual reason and utilitarian calculation. It is taken for granted that as soon as the population begins to appreciate the fact that this or that form of administrative organization means greater economy or efficiency, reform is at hand. The agitation for clean streets, pure water, sanitary drainage, and so forth, is based upon the same class of arguments. City government is likened to a great business corporation; the same instincts and motives determining success in both. It is assumed that the desire for individual gain, which is the determining force in private business relations, is equally powerful in public life.

The failure of these appeals to bring about the desired results has been the *pons asinorum* of reformers. Discouraged by the meagre success of their efforts, they have attributed the lack of responsiveness to the low moral standards of the city population, to the evils of universal suffrage and a mass of other equally irrelevant causes, and have failed to grasp the fact that the effectiveness of individual activity in public affairs is dependent upon concerted action. Until the time is ripe for such coöperation, individual effort fails to exert any real influence.

Again, the returns from public activity are usually more or less remote and always uncertain. Those two causes alone explain why the response to such utilitarian appeals is so feeble. The advantages to be derived from unswerving devotion to private affairs, on the other hand, are readily calculable and usually immediate. Under ordinary circumstances, the citizen will not hesitate in his choice between the public interest and private advantage if a "dollar and cents" calculation is the only factor determining his conduct. The possibility of a general response under any such conditions presupposes an ability to appreciate future results and a readiness to coöperate for purposes other than immediate personal gain. An analysis of the motives to concerted effort in politics discloses the fact that utilitarian calculation is one of the subordinate factors in the determination of civic action. To make the individual labor and

struggle in the interest of a larger social unit requires the influence of forces sufficiently powerful to emancipate him from narrow selfish interests. These forces are to be found in the civic ideals of a community;—that “combination of feeling and belief which we call loyalty.”

Although the development of the modern city has not, as yet, reached a point to make possible the determination of the ultimate content of the distinctive city ideals, we are in a position to analyze the nature of the forces contributing towards their formation. In the home, the church and the club—to mention but three of an ever-increasing number of institutions—we have instances of social groupings which readily command and to which are cheerfully given the best energies of the individual without the expectation of a *quid pro quo*. They are all ends rather than means—ideal units in which the individual enjoys social pleasures which he never thinks of expressing in terms of “dollars and cents.”

If we stop to analyze the home, it is evident that the group of pleasures which we associate with it may be enjoyed individually in other relations. It is the grouping and blending of these pleasures in the family relation which gives to the home its power over the individual, calling forth unlimited sacrifice and devotion.<sup>1</sup> But family life tends to isolate the individual from the community;—the family instincts and pleasures are essentially individualistic. Civic instincts—in the broadest sense of the term—are not aroused until the inclusive pleasures of a larger social group begin to play an important part in the life of the individual. Whatever the nature of this larger unit, it will require of the individual a readjustment of activities. Historically, the larger social unit was first the family, based on kinship; then the political unit, formed to meet the necessities of protection and conflict. Contemporaneous and often coextensive with the political was the religious grouping. In all of these relations, the individual is taken beyond the limits of the family in the modern sense of the term. But political organization once effected, new groups within the community are soon

<sup>1</sup> See “Development of English Thought” and his “Theory of Consumption,” by Simon M. Patten. Macmillan & Co.



formed with a view to satisfying wants which cannot be satisfied in isolation. The development of the social instincts and the increase in social ties are the necessary prerequisites to civic advance. As long as the individual remains satisfied with the pleasures and satisfactions of family life, he is unwilling to sacrifice time and energy in the interests of a larger group.

With the growth of the city, however, new social possibilities and new social wants make themselves felt; wants which can only be satisfied through the coöperation of larger groups. The possibility of satisfying these social cravings constitutes the essential distinction between city and country life. All the primary physical wants, such as pure air and wholesome food, can be better satisfied in the country. Each household has full control over both. As soon as we get beyond these primary physical wants, however, and enter the field of social desires, the limitations of the country are immediately manifest. The social pleasures are restricted to the meeting-house, the tavern and an occasional circus.

Social relations such as these can never develop the broader civic instincts. The possibility of new pleasures, which require for their enjoyment the presence of large numbers of persons; the theatre, the concert, the various literary, scientific and musical societies, cannot become an integral part of the life and activity of the individual until he has come under the influence of city conditions. With each new tie his readiness to labor in the interest of a group larger than the family becomes increasingly evident. What at first seems a loss of time and possible profit becomes an instinctive impulse, until it reaches its full fruition in a spirit of devotion to the interests of the community as a whole.

It will be seen, therefore, that the growth of the civic instincts is but part of a larger movement involving all the distinctively social relations of the individual. In social organizations such as the church, the club, and the university, those standards of efficiency are first developed which are afterwards extended to every department of the city's activity. The splendid results of concerted action in these fields are constant object lessons in social coöperation. In many of our larger cities, the university

has made a model city of the district over which it has jurisdiction. The splendid walks, the artistic arrangement of buildings, the spacious athletic grounds, all contribute to the general effect. The dormitory system, with its highly developed social life and spirit of coöperation, modifies the habits and standards of conduct of everyone coming under its influence, and is not without its lessons to the community. Finally, the elimination of all debasing influences completes the group of factors which give to the university sections of American cities their distinctive character.

Along somewhat different lines the church and the club contribute towards the development of civic instincts. They both foster the feeling of loyalty and impress upon the individual the possibilities of concerted action. The coördination of these various social institutions with the city concept is the first step in the development of distinctive city ideals. As yet they are isolated groupal relations which have not been correlated with the city environment. The incentives to unselfish devotion which they foster are distinct contributions to the development of a broader civic spirit. As the object lessons of environmental changes produced by these social institutions become more numerous and prominent, the elements will be furnished from which the individual will be able to construct a picture of an ideal city environment. The city will be associated with all the social pleasures, now isolated and exclusive. Instead of expecting a mechanism of government to maintain a high standard of public service, these standards will be furnished by the public opinion of the community. Inefficient government will mean the curtailment of those pleasures which at present can only be enjoyed at considerable expense through membership in social and athletic clubs. These pleasures and forms of recreation must be open to all, and must become an integral part of the life of the community. The city democracy towards which we are tending will lay emphasis upon the enjoyment of pleasures in common rather than upon the suffrage.

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## NOTES.

**British Legislation in 1901.** The Parliamentary session of 1901 was singularly barren of legislation. The war in South Africa and military questions arising out of it monopolized much of the time. Parliament was in no mood for serious work, and except for the resettlement of the Civil List, and the Finance Act, the consolidation and amendment of the factory laws was the only measure of first-class importance.

The Factory and Workshop Act of 1901 consolidates eight of the Factory Acts passed since 1878. Several of the Acts were amended at consolidation, and the Factory Code was extended to industries hitherto exempt from Home Office regulations and inspection. The bill was a Government measure. It was introduced in the House of Commons by Mr. Ritchie, who, when the Salisbury Cabinet was reorganized after the general election in 1900, left the Board of Trade, of which he had been President during the previous Administration, and became Secretary of State for Home Affairs. After second reading, the bill, which is more full of detail than any measure which has been before Parliament in recent years, was referred to the Standing Committee of the House of Commons on Trade. There, with much patience and labor and much give and take, and good management on the part of Mr. Ritchie, it was moulded into the shape in which it was read a third time in the House of Commons, and accepted without change by the House of Lords.

The Act consists of 102 pages. It deals with the health and safety of all workpeople in industries under Home Office inspection; with the conditions of employment of women, young persons, and children; with the education of children who are at work as half-timers; and it also regulates dangerous and unhealthy industries as well as tenements, factories, laundries, bakehouses and home work. In a word, the Consolidated Act of 1901 may be said to constitute the British Factory Code.

By new provisions, electric works, docks, railway sidings which belong to works and factories, jam factories and fish-curing establishments, laundries, domestic workshops and bakehouses are brought within the operation of the factory code, and made subject

to Home Office regulations and to inspection by its officers, or in the case of domestic workshops, laundries and bakehouses, to officers in the service of municipal bodies, but subject in this part of their work to oversight from the Home Office. This deputing of some of the powers of the Home Office under the Factory Code to municipal authorities is an innovation. It was objected to in committee on the ground that members of the municipal bodies might themselves be offenders against the code, and on the further ground that in the early years of factory legislation, when its administration was in local hands, the system failed and the work had to be taken over by the Home Office. The Home Secretary, however, persisted in the new policy, and by one of the clauses of the Act, municipal councils and their officers are given all such powers of entry and inspection and of taking legal proceedings against offenders, as are exercised by inspectors from the Home Office.

Another of the new provisions brings government workshops and factories under the code. An unsuccessful effort was made to include the larger post and telegraph offices, and an effort, also unsuccessful, was made to include railway offices in which more than ten persons are employed.

Largely increased powers are given to the Home Office to regulate dangerous trades. Where the Home Secretary is satisfied that "any manufacture, machinery, plant, process, or description of manual work used in factories or workshops, is dangerous, or injurious to health, or dangerous to life or limb, he may certify that it is dangerous, and may make such regulations as appear to him to be reasonably practicable, and to meet the necessities of the case." Before the Home Office makes such regulations, notice of them must be given to the manufacturers concerned, who are to have opportunity of formulating their objections, and a public inquiry may be held by a competent person appointed by the Home Office, at which witnesses may be examined on oath. Regulations, made by the Home Secretary, must be laid before both Houses of Parliament, and if either House resolve "that all or any of the regulations ought to be annulled, such regulations shall, after the date of the resolution, be of no effect, without prejudice to the validity of anything done in the meantime thereunder, or to the making of any new regulations."

In respect to women, young persons and children, who have long been the chief concern of the Factory Acts, the new Act contains



stringent provisions to prevent work being given out from the factories to be done at home after the day's work in the factory. By another, the working week in textile factories is shortened by one hour. This change was brought about at the instance of the cotton factory workpeople of Lancashire. For many years, in the non-textile trades, the working day on Saturday has ended at noon. In the cotton industry, it has ended at one o'clock, as manufacturers universally have worked their plants to the limit allowed by the Factory Act of 1878, which fixed the working week for women and young persons at fifty-six and a half hours. Cotton mill workpeople, although most of them are paid by piece work, had long been dissatisfied with the law which permitted work in the mills up to one o'clock on Saturday. They desired to stop at noon; and at the general election in 1900, in many of the constituencies of Lancashire, Parliamentary candidates, Conservatives and Liberals alike, gave pledges to support an enactment closing the factories at noon. When the Consolidating bill was before the Committee on Trade, a Lancashire member proposed a clause making this change. It was opposed by Mr. Ritchie for the Government, on the ground that a shorter working week would hamper Lancashire in competition with the United States and Germany. On a division, however, the clause was carried. On third reading of the bill in the House of Commons, the Government sought to retrieve the defeat it had suffered in committee. Whips were issued calling on supporters of the Government to vote for the deletion of the clause. Cotton manufacturers also petitioned the House to let the working week stand as fixed by the Factory Act of 1878, and emphasized the plea that Mr. Ritchie had made in committee, based on foreign competition. Again, however, the Government was defeated, and the Act was passed with the clause for which the Lancashire cotton operatives had agitated at the general election.

On another point, the Government had to give way to the Irish Nationalist members. It was originally intended that all laundries, in which more than two workpeople were employed, should be open to Home Office inspection. The Irish members objected to laundries in reform institutions for women of the Roman Catholic Church coming under the supervision of inspectors; and to save the bill, the Government accepted a clause exempting these institutions from inspection. The clause was embodied in the bill in committee at the instance of the Irish members, who threatened, if it

was not accepted, to obstruct the bill. In accepting it, Mr. Ritchie intimated that he did so simply to save the bill, and made it understood that he did not bind himself not to deal with the question at any other time. The act, burdened as it is with enormous detail, much of it technical, is one of the best examples of recent Parliamentary sessions of the working of the plan of sending measures of this kind to standing committees. Except for the opposition to the shortening of the working week in the cotton trade, and to the exemption of laundries in reform institutions from inspection, the House of Commons accepted the bill as it came from the committee to which it had been sent after second reading.

Two new departures in the fiscal system made by the Finance Act of 1901-2 give that measure its chief interest. By the Act of 1900-1, although provision had then to be made to meet the expenses of the war, there were no new departures in taxation. A stamp duty was imposed on contract-notes covering transactions on produce exchanges, and additions were made to the existing duties on beer, spirits, tobacco, and tea. Twopence also was added to the income tax. By the Act of 1901-2, there was another addition of two-pence to the income tax, bringing it up to one shilling and two-pence in the pound; and a revival of part of the fiscal system which had been long regarded as abandoned or obsolete. Import duties on sugar, which are now revived, were levied until 1874, when they were abolished by Sir Stafford Northcote, who was Chancellor of the Exchequer in the Beaconsfield Administration of 1874-80. During the Crimean war, duties were as high as twenty shillings a hundredweight. From 1860, they were gradually reduced, and they stood at three shillings a hundredweight when they came to an end in 1874. Under the new Act, the duties range from 2s. 8d. on sugars not exceeding 76 degrees of polarization to 4s. 2d. on sugars exceeding 90 degrees of polarization. On molasses, the duties range from 1s. per hundredweight when not containing more than 50 per cent. of sweetening matter, to 2s. 9d. per hundredweight when containing 70 per cent. or more. On solid glucose, the duty is 2s. 9d. per hundredweight, and on liquid glucose 2s. On saccharine, the duty is at the rate of 1s. 3d. per ounce. In introducing the bill reviving these duties, Sir Michael Hicks-Beach denied that they were in any sense protective, and treated it as a superstition that merely because the duties were abolished a quarter of a century earlier they could not be reimposed, if an adequate public necessity existed. The cost of the war had created a neces-

sity, and it was in the opinion of the Government "in the true interests of peace and economy that the laboring classes, as well as other classes in the country, should know that they bore the burden of the cost of war, and of the preparations for war." As a large part of the burden of the war had been thrown on the working classes by the increase in the tea, tobacco, and beer duties in the budget of 1900-1, there were no increases in these duties in 1901, and the duties on sugar are the only taxes by which any new burden is thrown on the working classes. All incomes below £160 are exempt from income tax, and in the Finance Act of 1901, no changes were made in the exemptions and abatements established under the Finance Act of 1894, the Act which relieved the lower middle classes from part of the burden of the income tax which they had borne previous to Sir William Harcourt's reform.

The most distinct innovation in the Finance Act of 1901-2 is the export duty on coal. It is at the rate of one shilling a ton, and is chargeable on all coal, except such as is proved to the satisfaction of the commissioners of customs not to be of a value of more than six shillings a ton, free on board. Part of the burden of the new duty is thrown on landlords who receive mining royalties; for a clause in the Finance Act provides that "in every case where the person paying the duty shall be the tenant of the mines from which the coal shall have been produced, subject to the payment of a rent or royalty, varying with the selling price of such coal, and the coal shall have been sold at a price inclusive of the duty, then the amount of such duty so paid shall, in the absence of any agreement to the contrary, be deducted in ascertaining the amount of such selling price for the purpose of determining the amount of the said rent or royalty." The new duty gave rise to much agitation among colliery proprietors and miners. The principal objection to it was that it was a tax, not on all the coal fields of Great Britain, but on those of Northumberland and Durham and South Wales, which have a monopoly of the export trade. From the Welsh ports of Cardiff, Newport, and Swansea, in 1899, 19,567,690 tons of coal were exported. From Newcastle and other Tyne ports, the exports were 3,484,084 tons. In the year 1901-2, the duty is estimated to yield £2,100,000; the sugar duty £5,100,000 and the additional twopence on the income tax £3,800,000. The suspension of the sinking fund, which was begun last year and is to be continued, will add £4,640,000 to the amount available for meeting the ordinary expenses and the cost of the war. In all, the new or increased



taxes, with the suspension of the sinking fund, are estimated to produce £15,640,000, leaving a balance of £39,707,000 to be borrowed. To this must be added £1,250,000 for interest on the new debt, due to the war, making a total deficit of £40,832,000 for 1901-2 to be added to the National Debt. The total estimated expenditure of 1901-2 is £187,602,000, of which £56,070,000 is to meet the military charges of the war. Besides these war charges, the estimated expenditure on the army in 1901-2 is £30,030,000, and on the navy £30,876,000.

Following a precedent which dates from the accession of George III, Edward VII at his accession surrendered his life interest as king in the Crown Lands, in return for a civil list granted him by Act of Parliament. The civil list allowance of the late Queen as fixed in 1837 was £385,000, made up as follows: Her Majesty's privy purse, £60,000; salaries of household, £131,260; expenses of household, £172,500; royal bounty, £13,200; unappropriated, £8,000. During the lifetime of the Queen, the Prince of Wales, in accordance with an Act passed in 1863, was in receipt of £40,000 from the Consolidated Fund, and the allowance to the Princess of Wales in the same Act was £10,000; and under an Act of 1889 there was payable in respect of the Prince of Wales's children £36,000 a year; so that the charges on the Consolidated Fund for the Crown and the Heir Apparent were £471,000. By the Civil List Act of 1901, the charges for the King and Queen are fixed at £470,000, classified as follows: privy purse, £111,000; salaries of the household and retired allowances, £125,800; expenses of household, £193,000; works, £20,000; royal bounty, alms and special services, £13,200; unappropriated, £8,000. In addition to this sum of £470,000, settled on the King and Queen, an annuity of £20,000 is settled on the Duke of Cornwall and York; an annuity of £10,000 on the Duchess of York; and £18,000 a year is granted as a provision for the King's three daughters, and a sum not to exceed £25,000 is made chargeable on the Fund for household pensions for servants of the late Queen. At the commencement of the new reign, therefore, the total charge on the Consolidated Fund of the maintenance of the dignity of the Crown is £543,000. In addition to this sum, there are also now chargeable on the Consolidated Fund seven annuities payable to the sons and daughters of the late Queen and to the Duke of Cambridge. These annuities, which were not affected by the resettlement of the civil list, aggregate £64,000, and bring up the total charge in respect of the sovereign and the royal family to £607,000.



The resettlement of the civil list was effected by a select committee of the House of Commons, which sat behind closed doors. The committee made its report to the House, and its recommendations were embodied in a bill which went through all the usual stages in the House and in the House of Lords and received the royal assent in the customary way. The debate on the bill in the House of Commons was chiefly remarkable for Sir William Harcourt's exposition of the constitutional position of the Sovereign in relation to the Crown Lands. The crown enjoyed the revenues from this property until the civil list was established in 1760. "Parliament," Sir William Harcourt said, "granted the civil list solely out of consideration of what belonged to the dignity of the Sovereign of this realm. If the hereditary estate yielded less, the House of Commons was not governed by that consideration to give a smaller list. If they yielded a great deal more the House would not be bound to give a great deal more. If it were true that these estates could at any time be resumed by the Crown, they could only be resumed, of course, subject to the obligation under which the Crown lay of maintaining the civil charges of this country. It was a right which had never been asserted for a century and a half, and was never likely to be asserted. No doubt we retained the technical form, as we did in the exercise of many other prerogatives—public prosecutions, for instance, which were always undertaken in the name of the King, though the King was not the prosecutor. A great many other rights were asserted, and properly asserted, in the name of the Crown, but to profess that the Crown could deal with the hereditary estates as the estates of a private individual would be an entire error, and was absolutely contrary to constitutional principle." The revenues of the Duchy of Cornwall and Lancaster are not affected by the civil list. Those from the Duchy of Lancaster go to the Sovereign. Those from the Duchy of Cornwall are vested in the Heir Apparent by virtue of a patent of Edward III of 1337.

The only Act of 1901 affecting education was one to end the deadlock due to the decision in the law-courts in the Cockerton case, a decision which made illegal expenses incurred by school boards in giving technical instruction in evening classes. This Act, although intended to empower school boards temporarily to carry on work which was brought to a standstill by this judgment, is of significance; for it brings the school boards into a new and direct relation with the county councils. It empowers boards to

continue their work for a year with the sanction of the county councils, and on such terms as may be agreed on between the councils and the boards. Early in the session, a comprehensive bill bringing the school boards into much closer relations with the county councils, was introduced by the Government. It met with much opposition in and out of Parliament. There was so much contention over it, that it had to be abandoned; and to prevent a continuance of the chaos which had resulted from the Cockerton judgment, the Act providing for a continuance of evening classes for a year was passed. It also was strongly opposed by the friends of the school boards in the House of Commons, on the ground that by a temporary Act the government was snatching the assertion of an important and far-reaching principle, and in bringing the school boards into subordination to the county councils, was seeking to effect a revolution in the education system by a side-wind.

EDWARD PORRITT.

#### **Operation of Electric Plants by Massachusetts Towns.**

During the year ending June 30, 1900, twelve towns in Massachusetts operated electric plants, but not gas works. Several towns carried on both gas and electrical supply, but these are not considered here. An electric plant in one town was first started in February, 1900, and is excluded because it was in operation during only five months of the year named. Of the twelve towns above mentioned, two, Needham and Wellesley, distribute energy for street lighting only. The other ten towns supply both public and private lamps.

The first purpose here is to determine the cost of electric street lighting by these municipal plants per unit of service, and then to compare this cost with the charge for like service by private corporations, in towns of similar size.

The twelve towns with municipal electric plants, and their populations are as follows:

Town.	Population.
Belmont .....	3,929
Braintree.....	5,981
Danvers .....	8,542
Hingham .....	5,059
Hudson .....	5,454
Hull .....	1,703
Marblehead .....	7,582

Town.	Population.
Needham.....	4,016
North Attleboro.....	7,553
Peabody.....	11,523
Reading.....	4,969
Wellesley.....	5,072

Electric street lighting from both municipal and private plants is done with arc lamps of 800 to 2,000 nominal candle power, and with incandescent lamps of 16 to 60 or more candle power. In order to make a satisfactory comparison between the costs of street lighting in different places, it is necessary to reduce the service in all street lamps to terms of the electrical energy consumed. There is some variation in the rates at which different lamps of the same nominal candle power consume energy, but average figures for good practice can be taken that are sufficiently accurate for purposes of comparison. Such figures as here assumed are, 0.00025 kilowatt-hour for each nominal candle power of arc lamps, during each hour of operation, and 0.0035 kilowatt-hour for each nominal candle-power of incandescent lamps, during each hour of operation. Reports of the Board of Gas and Electric Light Commissioners of Massachusetts give the average daily number of each kind and candle power of electric street lamps operated in each town of the State. The average number of hours that lamps in each place operate per day, and the average days per month are also recorded in these reports, for each year.

From these data the kilowatt-hours of energy supplied to arc and to incandescent street lamps by the municipal plant in each town are calculated for the year ending June 30, 1900.

The cost of street lighting by each municipal plant is the difference between the money income from commercial service, and the sum of operating expenses, interest and depreciation in each year. Interest for each plant is computed on its total investment at the beginning of the year at the rate paid upon municipal bonds or notes. Depreciation is figured at 5 per cent. on the cost of each plant, as is required by law. The difference between the sum of operating expenses, interest and depreciation, and money income, which represents the cost of street lighting, is divided by the total number of kilowatt-hours supplied to arc and incandescent street lamps in each town. This division determines the true average cost of energy per kilowatt-hour to each town.

Energy supplied to electric street lamps by municipal plants and its cost for the year ending June 30, 1900:

	Kilowatt-hours in street lamps.	Total cost \$.	Cost per kilowatt-hour cents.
Belmont .....	26,234.19	4,013.37	15.3
Braintree.....	78,960.93	9,990.61	11.4
Danvers.....	64,241.40	8,371.05	13.0
Hingham .....	67,767.49	4,601.30	6.8
Hudson .....	32,008.68	5,907.61	18.5
Hull .....	35,737.29	10,786.18	30.2
Marblehead .....	199,850.52	9,297.84	5.5
Needham.....	50,077.44	4,191.73	8.4
North Attleboro.....	95,259.38	7,685.23	8.1
Peabody.....	206,126.59	13,936.33	6.7
Reading.....	59,810.07	10,754.39	17.9
Wellesley .....	71,503.97	5,592.07	7.8
	<u>987,577.9</u>	<u>\$95,487.56</u>	<u>9.6</u>

In the twelve towns 987,577.9 kilowatt-hours of energy were supplied to arc and incandescent street lamps during the year at a total cost of \$95,487.56. The true average cost per kilowatt-hour was therefore 9.6 cents. This cost corresponds to a rate of 0.54 cent per lamp-hour for a 56 watt, 16 candle incandescent lamp, and to 2.88 cents per lamp-hour for a 1,200 candle-power arc lamp, using 300 watts. It is not possible to determine the total amount of electrical energy supplied by the municipal plant to private consumers in each town, and the true average price for the twelve towns cannot, therefore, be determined. The maximum charges to private consumers in each of the ten towns where the municipal plants do commercial lighting were as follows:

Town.	Cents per kilowatt-hour.
Belmont .....	20.0
Braintree.....	11.0
Danvers.....	10.0
Hingham .....	20.0
Hudson .....	20.0
Hull .....	25.0
Marblehead.....	15.0
North Attleboro.....	13.4
Peabody.....	13.0
Reading.....	13.6

The sum of these prices is 161, and their rough average is therefore 16.1 cents per kilowatt-hour for the ten towns. Maximum charges to private consumers, as given, are subject to some discounts on prompt payments and large bills, but it seems unnecessary to



consider these matters in detail, because it is impossible to determine the net prices charged to the individual customers of plants owned by private corporations.

The rates just quoted are for energy from incandescent circuits, which supply much the greater part of commercial service.

The next step is to determine the prices paid to private corporations for electric street lighting in towns having about the same populations as have the towns owning municipal electric plants. For this purpose nearly all of the towns in the State, of less than 12,000 population each, and that buy electric street lighting, have been selected. Towns whose electric street lamps are supplied from generating plants in cities are not included because these towns should get the benefit of low city rates. Several towns, that require street lamps during the Summer only or where the hours per year of operation are not accurately stated, are omitted. Towns where the gas and electric plants are owned by a single corporation in each are not considered. In several cases towns that might fairly be included in the comparison were at first overlooked, and, when discovered, the calculations were too far advanced to warrant their introduction.

The list as selected contains forty-four towns, whose names, populations, prices paid per kilowatt-hour for energy in arc and incandescent street lamps, and nominal commercial rates are as follows:

All prices are in cents per kilowatt-hour.

	Population.	Commercial rates.	Prices arc street lamps.	Prices incandescent street lamps.
Abington .....	4,489	20.0	14.3	11.1
Adams .....	11,134	13.5	8.9	....
Amesbury .....	9,473	18.5	15.6	16.7
Andover .....	6,813	20.0	15.0	13.5
Attleboro .....	11,335	25.0	16.2	12.1
Ashland .....	1,523	10.8	15.4	13.1
Blackstone .....	5,721	15.0	7.2	8.4
Bridgewater .....	4,736	18.5	10.7	....
Buckland .....	1,446	18.0	18.3	9.0
Cohasset .....	2,759	20.0	....	10.5
Dedham .....	7,457	20.0	19.8	9.0
Dudley .....	3,553	20.0	13.5	8.9
Franklin .....	5,017	20.0	18.8	22.6
Foxboro .....	3,266	18.5	14.0	10.9
Framingham .....	11,302	11.8	15.4	13.1
Gardner .....	10,813	25.0	16.2	11.2

	Population.	Commercial rates.	Prices arc street lamps.	Prices incandescent street lamps.
Grafton .....	4,869	20.0	....	9.3
Great Barrington..	5,854	15.0	....	6.1
Greenfield.....	7,927	18.0	14.7	13.3
Hopedale .....	2,087	25.0	....	12.1
Leicester.....	3,416	25.0	....	17.1
Lee .....	3,596	20.0	....	11.8
Medfield .....	2,926	20.0	....	13.5
Medway .....	2,761	11.8	....	4.3
Milford .....	11,376	25.0	15.8	....
Millbury .....	4,460	20.0	15.6	7.2
Milton .....	6,578	20.0	....	9.7
Monson .....	3,402	17.0	....	11.2
Northbridge .....	7,036	20.0	9.7	15.6
Orange .....	5,520	20.0	15.3	16.9
Plymouth .....	11,547	20.0	....	15.1
Palmer .....	7,801	17.0	16.6	11.2
Rockland .....	5,327	20.0	14.3	11.2
Shelburne.....	1,508	18.0	18.3	9.0
South Hadley .....	4,526	20.0	....	15.0
Turner's Falls.....	4,202	13.0	8.9	....
Uxbridge .....	3,509	20.0	9.7	15.6
Warren .....	4,417	17.0	16.6	11.2
Ware .....	8,263	20.0	17.0	....
Webster .....	8,804	20.0	13.5	8.9
Weston .....	1,834	20.0	8.9	10.1
Weymouth.....	11,324	20.0	14.9	12.3
Whitman .....	6,155	20.0	18.7	10.0
Winchendon .....	5,001	20.0	12.4	8.5

The rates named for commercial service apply to energy from incandescent circuits, and are merely nominal. Many small consumers are charged these prices, but many large customers get discounts of varying amounts. On these varying prices there is no check save the will of the managements, and the actual and average prices in any one town are known only to the electric company. Such special prices for different customers do not exist in towns supplied by municipal plants, because the law requires prices in such towns to be fixed and alike for all customers coming under the same conditions. Because of the unknown variations of prices to individuals in towns served by private corporations, it is impossible to make any conclusive comparison of prices there with those of municipal plants.

The rough average of commercial rates in these 44 towns is 18.9 cents per kilowatt-hour, found by dividing the sum of these

4. This rate is 17 per cent. higher than the 16.1 cents per kilowatt-hour found for municipal plants. The only conclusion to be drawn from this comparison of commercial rates is that charges for service from private systems are fully as high from private systems as from municipal plants. Data of the net charges made by electric corporations are not generally in their hands and cannot be obtained to settle the question. On the other hand, the charges for service from municipal plants are fixed, as required by law, and are matters of public record.

In the table of prices for arc and incandescent street lighting in 44 towns, the omission of a figure for the price in any place indicates that the sort of street lighting of which the price is omitted was not employed there. In order to get true averages of the rates paid by all of the 44 towns for street lighting service per kilowatt-hour, the total kilowatt-hours supplied to arc and to incandescent street lamps have been computed. The entire cost of street lighting in each town at the rates paid, has also been found. These results are for the year ending June 30, 1900, as were the similar results for municipal plants. To obtain the average price for energy used in arc street lamps, the cost of the arc service in all of the 44 towns, amounting to \$87,411.50, is reduced by \$8,506.94, to compensate for a part of the taxes paid by the electric companies to these towns. The remaining sum of \$78,850.56 is divided by 655,801.3, the number of kilowatt-hours supplied to arc street lamps in all of the towns. The result is an average price of 12.02 cents per kilowatt-hour for arc lamp service. In these towns the cost of incandescent street lighting was \$82,197.10, and this sum minus \$8,050.90, the remainder of the taxes paid by the electric companies, leaves \$74,146.20. Dividing this last amount by 764,980.5, the number of kilowatt-hours supplied to incandescent street lamps in the 44 towns, shows the average price to be 9.69 cents per kilowatt-hour.

For both kinds of street lighting in these towns, the entire cost was \$169,608.60. Total taxes to the amount of \$16,613.50 were paid by the electric companies. Deducting this tax charge from the total cost of street lighting, leaves the sum of \$152,995.10 from which to find the average cost. Energy supplied to arc and incandescent street lamps during the year amounted to 1,420,781.8 kilowatt-hours, and, dividing \$152,995.10 by this number, shows the average cost to be 10.76 cents.

To proportion the amount paid as taxes between the arc and incandescent street lighting, the costs of the lighting are added, and

the per cent. of the arc and incandescent costs to the total found to be 51.63 and 48.46 respectively. These portions of the tax charges are then deducted from the costs of arc and incandescent street lighting.

As the average cost of energy supplied to all electric street lamps by municipal plants was found to be 9.6 cents per kilowatt-hour, the 44 towns buying service at the average rate of 10.76 cents per kilowatt-hour, pay a rate 12 per cent. higher than the cost in the twelve towns that own their plants. Considering the two kinds of street lamps separately, the charges of the electric companies were nearly the same for incandescent service, but were 25 per cent. higher for arc lighting than the average cost with municipal plants.

Kilowatt-hours supplied to electric street lamps and the total charges for the same:

Towns.	Kilowatt-hours in arc lamps.	Kilowatt-hours in incandescent lamps.	Total arc charges \$.	Total incandescent charges \$.
Abington .....	13,219.2	13,138.0	1,890.00	1,472.00
Adams .....	55,814.4	.....	4,998.00	.....
Amesbury .....	32,990.0	356.9	5,175.00	60.00
Andover .....	14,157.3	14,157.4	2,128.00	1,920.00
Ashland .....	906.9	8,729.7	140.00	1,555.00
Blackstone .....	71,517.2	6,929.4	5,180.00	584.00
Bridgewater .....	22,244.1	.....	2,380.00	.....
Buckland .....	980.4	5,004.2	180.00	455.00
Cohasset .....	.....	49,707.0	.....	5,260.00
Dedham .....	12,130.2	50,805.3	2,407.00	4,609.60
Dudley .....	1,772.9	10,686.8	240.00	961.00
Franklin .....	16,771.1	6,028.5	3,150.00	1,368.00
Foxboro .....	2,322.0	14,764.0	325.00	1,635.00
Framingham .....	12,184.2	48,278.0	1,890.00	6,388.00
Gardner .....	30,564.8	1,620.8	4,950.00	180.00
Grafton .....	.....	25,884.9	.....	2,400.00
Great Barrington. ....	.....	58,588.2	.....	3,660.00
Greenfield .....	28,566.6	4,120.6	4,200.00	550.00
Hopedale .....	.....	14,810.9	.....	1,800.00
Leicester .....	.....	19,322.9	.....	3,320.00
Lee .....	.....	23,125.0	.....	2,376.00
Medfield .....	.....	8,845.0	.....	1,200.00
Medway .....	.....	29,002.0	.....	1,250.00
Milford .....	30,468.0	.....	4,800.00	.....
Millbury .....	15,301.4	979.3	2,392.00	71.00
Milton .....	.....	132,032.9	.....	12,848.00
Monson .....	.....	14,921.4	.....	1,695.00
Northbridge .....	26,136.0	508.2	2,520.00	80.00
Orange .....	24,004.5	428.7	3,675.00	72.00



Towns.	Kilowatt-hours in arc lamps.	Kilowatt-hours in incandescent lamps.	Total arc charges \$.	Total incandescent charges \$.
Plymouth .....		36,336.3	.....	5,500.00
Palmer .....	32,596.9	2,640.9	5,400.00	300.00
Rockland .....	9,302.4	32,121.3	1,330.00	3,600.00
Shelburne.....	980.4	6,148.0	180.00	559.00
South Hadley Falls .....		20,400.0	.....	3,060.00
Turner's Falls ...	22,377.6	.....	1,999.00	.....
Uxbridge .....	26,136.0	635.3	2,520.00	100.00
Warren .....	15,846.0	3,565.2	2,625.00	405.00
Ware .....	21,150.7	.....	3,600.00	.....
Webster .....	36,049.5	2,930.3	4,880.00	263.50
Weston.....	696.8	35,361.6	62.50	3,625.00
Weymouth .....	15,449.9	37,141.7	2,310.00	4,624.00
Whitman .....	11,540.0	17,202.5	2,160.00	1,725.00
Winchendon .....	17,455.7	7,549.0	2,175.00	645.00
Attleboro .....	45,168.4	172.4	5,550.00	21.00

ALTON D. ADAMS.

## BOOK REVIEWS.

*Industrial Evolution.* By Carl Bücher, Professor of Political Economy, University of Leipsic. Translated from the third German edition by S. Morley Wickett, Ph.D., Lecturer on Political Economy and Statistics, University of Toronto. New York: Henry Holt & Company, 1901—8vo, xi, 385 pp.

The original of this volume, *Die Entstehung der Volkswirtschaft*, which first appeared in 1893, and is now in its third German edition, has already been translated into French, Russian and Bohemian. It is a book which commands the admiration of every one interested in history or economics, and there must be many American students who, like the writer, count their acquaintance with it as an important event in the progress of their studies, and who have long hoped to see it introduced to a wider circle of readers in this country. The English edition has come at last, and proves to be all the better for the waiting; it includes Bücher's latest additions and revisions, and has been most satisfactorily translated.

"This work treats of economic theory, not of economic history," says Bücher in the preface, in answer to some criticisms to which he has been subjected. The first part of the book is, more precisely, a theory of economic history. It sketches the stages through which the economic organization has passed from its beginnings among primitive peoples to the point of its present development. It is composed of a number of lectures, delivered on different occasions, and makes no pretensions to complete symmetry in the subjects discussed. The author chooses his material from restricted localities, and presents the facts rather as illustrations of his meaning than as proofs of its correctness. The book, then, is not a history of economic development, certainly not that if one accepts for a criterion Bücher's opinion that "the historian must not forget to relate in any period everything that occurred in it." But it is far more valuable to the historian than any contribution of economic facts could be. It seeks to organize the facts already known and to generalize from them, to show what their significance may be and to direct the future investigator in the lines where study will be most fruitful. It seeks to formulate some of the laws of economic development. The economist finds in his science the laws that he

needs for the explanation of modern phenomena, but the historian turns to these laws in vain for an explanation of the past. Bücher shows that the methods if not the results of political economy are universal in their application, and by precept and example stimulates the historian to use these methods in his study of the past. Bücher has done his work in a masterly way, and even if many of his hypotheses were disproved by a more detailed examination of the facts, his book would still have immense value as a study in method.

The best known part of the book is probably the chapter on "The Rise of National Economy," which gives the title to the German edition. The theory of the three stages, of independent domestic economy, of town economy and of national economy, is maintained in the present edition without substantial change, and without any attempt to meet in detail the criticism of writers like Eduard Meyer and Pöhlmann, who have questioned its application in specific periods. There is no notice in the text of Schmoller's series, in which the village, not the household, forms the basis of the first stage and the territory is made the basis of another stage before the rise of the state; an editorial foot-note refers to the discussion of the differences in Schmoller's *Jahrbuch*.

This chapter in the present edition is preceded by two others, in which Bücher gives the result of his researches in the economic life of primitive peoples. He finds among the lowest orders of savages a stage to which he gives the title pre-economic, so marked is the effect which the individual search for food has had in preventing the rise of social and economic organization. The passage to a really economic stage is marked by the extension of man's activities beyond the simple search for food. Bücher rejects the old classification into hunting, fishing and pastoral tribes, as the occupations are no sure index of economic development, and are too dependent on geographic and climatic conditions. Confining his discussion to the peoples of the tropics, he finds that on this stage they live mainly from agriculture, and that cattle-raising is of little importance. In many tribes there are no professional industrial or trading classes, there is no economic exchange in the modern sense, and there is no real public economy.

In the fourth chapter, "A Historical Survey of Industrial Systems," Bücher limits his attention to the history of one side of the economic organization in Europe. The five main systems of industry which he distinguishes appear in the English translation

under the following titles: housework (domestic work); wage-work; handicraft; commission work (house industry); factory work.

To anyone who has not read the book, this attempt to summarize some of its main features can give only a meager idea of the line along which Bücher is working; it can give no idea of the skill with which he fills in his brief sketches with ingenious examples and generalizations and gives them a life of their own. The impression made by his writings could not be so great if he did not happily combine such art in exposition with his acuteness as an investigator.

In the latter half of the book, besides three chapters on miscellaneous topics, a group of three chapters is devoted to the discussion of the organization of labor and related questions. Bücher takes up Adam Smith's celebrated treatment of the division of labor, and shows that it is far from attaining the completeness which has generally been ascribed to it. He distinguishes five different forms of the division of labor, which appear here with the following English names: formation of trades; specialization; division of production; subdivision of work; displacement of labor. He carries on his constructive work to an analysis of forms of labor organization which appear to be the reverse of division, and defines fraternal labor, labor aggregation and joint labor. The author clearly distinguishes each of these many forms of labor organization from the others, and illustrates it by appropriate examples. He shows what place each has occupied in economic development, and suggests often what influence it has exercised on society and on individuals. I need cite as an example of his generalizations only one, that which explains the ascendancy of slavery and serfdom by the necessity of labor in common. Finally, he takes up the question of the relations between the organization of labor and the organization of social classes, reaching the conclusion that diversity of possession and income is rather the cause than the result of class divisions based on occupations. In the contest with Schmoller over the share of heredity in perpetuating a "vocational class" the advantage lies with Bücher, who denies the influence of heredity in a biological sense.

The translator, a former pupil of Bücher, has done his work so skillfully that the reader forgets his interposition entirely. If the reader has a startled return to consciousness on running across such a suspicious phrase as "resident theatre," a glance at the



original serves only to confirm his confidence in the translation. Praiseworthy discrimination is shown in the selection of English equivalents for technical economic or agrarian terms, and in cases where there might be a misconception the German word is given with the English. Dr. Wickett has had a difficult and responsible task in the translation of the technical terms which Bücher uses for his new concepts; we must have English words for them, and it is to be desired that we should all agree on the same words. If the terms which Dr. Wickett gives us seem pretty cumbersome, we can at least comfort ourselves with the reflection that we are no worse off than the Germans for whom the book was written. I noticed only one misprint, Mechlenburg, p. 366.

CLIVE DAY.

Yale University.

*Les Banques de Dépôt, les Banques de Crédit et les Sociétés Financières.* Cours libre professé à la Faculté de droit de l'Université de Paris, par André-E. Sayous. Paris, Librairie de la Société du Recueil Général des lois et des Arrêts. 1901—339 pp.

In this book we find a manual of banking interesting and useful. It comprises not only much of the theory of banking but also a graphic description of the methods now in use.

One is constantly impressed by the author's manifest familiarity with the methods and machinery of French banking, nor is his treatment of German and English usage superficial or devoid of interest.

A most valuable feature of the book is the emphasis laid upon the personality or the spirit of the banker as affecting the management of his institution. It is a study not merely of the balance sheet of the bank, but of the mental balance of the banker.

A distinction is made between banks of deposit, banks of credit, and *sociétés financières*, and each class is given separate treatment.

Perhaps the chapters devoted to the *sociétés financières* have in them the greatest interest for American readers, since they cover a species of banking which finds no complete analogy with us.

These societies might perhaps be described as industrial securities companies or as promoting companies. We have not yet accustomed ourselves to regard such companies as performing strictly banking functions, but the description of their operation is admirable and the author's pithy comments on the morality of some of their transactions are quite to the point. He almost touches the question

of profit-sharing when he refers to the *sociétés financières* as having democratized capitalism.

Repeatedly reference is made to the finer and more obscure points of actual banking practice, so that the book is of value to the experienced banker and to the youthful student alike. A relatively large part of the book is devoted to stock exchange methods and to the ways of company promoters who seem to have claimed considerable attention in France since the time of John Law.

The author's comments on existing usages and on the methods of houses that he cites by name, are in the main deserved and wholesome, although now and then a somewhat sweeping assertion is made.

The statement (p. 293) that a moderate panic would force nearly all the German banks to suspend payments is somewhat alarming if it is to be taken seriously.

As a whole the book is a valuable contribution to the literature of banking methods and machinery.

CHARLES E. CURTIS.

*Domesday and Feudal Statistics, with a Chapter on Agricultural Statistics.* By A. H. Inman. London: Elliot Stock, 1900—8vo, xi, 161 pp.

As time goes on the number of unsolved problems in early English history seems to increase rather than diminish. A fuller knowledge of the facts has made untenable the simple theories by which former scholars explained the course of development, without enabling modern scholars as yet to establish conclusively their own more complex theories. In the reigning confusion and strife there is, at least, one very hopeful feature, the tendency not only to study more carefully the records on which the former theories were based, but to extend the scope of investigation, and especially to utilize more thoroughly than has been done before the statistical material of which the older records are so largely composed. Mr. Inman's book, as its title indicates, is a contribution to early English history from the statistical side.

No book of this kind can escape a comparison with Maitland's *Domesday Book and Beyond*. None but a very good book can avoid suffering by the comparison, and Mr. Inman's book is not very good. It shows an admirable industry in the collection of material, from manuscript as well as printed sources, but it is still only a

collection of material. It is no more readable than Domesday Book itself. We should gladly accept the "prosaic details" which Dr. Inman offers, if he would only tell us clearly what he thinks they mean, but he deluges us with such an unorganized mass of facts and figures that his conclusions are hardly to be found by searching, while the processes by which the conclusions are reached are often entirely obscure. The reader is repelled by an involved style, marked by numerous archaisms, and by the intemperance of the author's attacks on previous workers in his field. Oxford scholars and writers in the *English Historical Review*, above all, suffer for their lapses in arithmetic and agriculture, and for what the author calls their "pea and thimble tactics" in the suppression of truth. He corrects them in some details, but he could have learned from any one of them how to prepare a book for publication.

The faults of *Domesday and Feudal Statistics* are so glaring that they blind the eye to possible merits. However unsatisfactory the work is which Mr. Inman has done in elucidating his statistics, he can claim the credit for having collected them for the use of future investigators. Under the headings of Domesday, feudal and agricultural, he presents a great variety of facts, of which some are certain to be useful to specialists in the field he covers. Two tables of contents facilitate reference.

CLIVE DAY.

Yale University.

*The College-Bred Negro.* Atlanta, Georgia: Atlanta University Press, 1900—115 pp.

This is "a social study, made under the direction of Atlanta University, by the Fifth Atlanta Conference," and edited by Professor W. E. Burghardt DuBois. Like its predecessors, and like all Dr. DuBois's work, it is a serious, intelligent and successful effort to shed light on the negro problem.

For the purposes of this investigation, it was decided to "call any institution a college which had a course amounting to at least one year in addition to the course of the ordinary New England high school." A list of about 2,500 persons was prepared, four-fifths of them being graduates of some thirty negro colleges—three times as many as are needed at present—and one-fifth graduates of colleges for whites, mostly in the north. It was found that Harvard had graduated eleven negroes, Yale and the University of Michigan ten each, Cornell eight, Columbia and Pennsylvania four each, and

Oberlin 128. To these graduates a circular letter was sent, embodying 26 questions; but replies were received from only half—a somewhat ominous fact. It was found that 90 per cent. of those born in the south, and 50 per cent. of those born in the north, are now living south. Of the whole number of graduates, 53.4 per cent. are teachers, 16.8 per cent. clergymen, 6.3 per cent. physicians, etc., 4.7 per cent. lawyers, 6 per cent. farmers, artisans and merchants, and 4 per cent. government employees. The 557 who report as to the assessed valuation of the real estate owned by them—of these, 85 own no real estate—have holdings averaging \$2,411 in value. Some 250 report themselves as engaged in such forms of race leadership as editing newspapers, lecturing, and conducting nurseries, orphanages, homes, building associations, hospitals, savings banks, and organized charity associations.

The conclusions of the study, in which Booker T. Washington would doubtless heartily concur, are: 1. The great mass of the negroes need common school and manual training. 2. There is a large and growing demand for industrial and technical training, and trade schools. 3. There is a distinct demand also for the higher education of persons, selected for talent and character, to be leaders of thought and missionaries of culture among the masses. 4. To supply this demand there ought to be maintained several negro colleges in the south. 5. The aim of these colleges should be to supply thoroughly trained teachers, preachers, professional men, and captains of industry. 6. It is, however, earnestly recommended that this college work be concentrated in about twelve high-grade institutions instead of being scattered, as it is now, in thirty-four, many of them of inferior rank.

W. F. B.

*The Government of the American People.* By Frank Strong, Ph.D., President of the University of Oregon, and Joseph Schafer, M.L., Assistant Professor of History in the University of Oregon. Boston, Houghton, Mifflin & Co.

President Strong and Professor Schafer have made a useful addition to our text-books on Civil Government in the United States. They point out as defects in other books that they are too elementary in treatment, are lacking in continuity, are mere analyses of the Constitution, and are written in a style that calls for much interpretation. These defects the authors propose to avoid. They aim to present the facts and forms of government in an unbroken narrative, connecting them with those historical events upon which they depend.



This they wish to do in an attractive manner, so that the book can be used for a reader as well as for a text-book.

An examination of the work shows that the promise of the preface has been carried out. The five parts take up in order the government of town and county, of city, of State, and of nation, the first three comprising one-half of the whole. We have thus a continuous history of the several forms of government under which we live, traced from their origin to the present time. The style is dignified, clear, and attractive.

A fact of special interest is the growing disposition to adopt town government in the West. Thus in Illinois, where provision was at first made only for the Southern county system, the town system now prevails. In North Dakota also, which started with the county system, the number of townships which enjoy self-government in local matters "is constantly increasing." The authors believe that this tendency toward government by town meeting is encouraged by the township method of surveying public lands, and by the development of the public school system. The former furnishes a convenient territorial unit for local self-government, of which the people get a taste when they meet to discuss and vote upon school matters. "A most interesting effect of such local gatherings is the tendency they have to become more than mere school meetings. In North Dakota, for example, the congressional townships are school townships. This gives the people an annual meeting. As a result, they come to want self-government in other matters. Soon they petition to be allowed a town government, and having this they hold their spring meeting, elect officers, and tax themselves for local purposes."

A few pages are given to the development of cities in the United States. Then a chapter is devoted to Boston, Philadelphia, and Chicago, where, from quite different beginnings, the same general form of city government has been reached. This is characterized by the extensive powers entrusted to the mayor. The peculiar difficulties of government in cities, and the attendant evils and their remedies, are then briefly discussed. The conclusion is that no permanent reform is possible until all citizens "take a serious and active interest in local affairs."

The chapter on "State Governments" is not entirely satisfactory. The greater part of it is taken up with an account of the first constitution of Virginia, which is of course historically important. But the three pages given to the present State governments and their success is hardly adequate to such an important subject. Nowhere,

for instance, is the relation of the State to the town and the city clearly brought out. The fact that the powers of government in both the latter are derived from the State, and in particular that the charters of cities may, within State constitutional limits, be changed at pleasure by the State legislature, are facts of prime importance, a knowledge of which is essential to a good understanding of our system of government. The frequent tinkering, as in New York, of a city government by the State legislature, and the division of responsibility between the two, might well have been mentioned as one of the causes of bad government. The tendency of our people to forget the State, and neglect their duties to it at elections where federal questions are not involved, is such a serious evil, that no opportunity should be lost to inculcate the great importance of the State in our system. It is a pity that the same effort was not made to interest young people in the State government that was evidently made to interest them in the town and national governments.

The half of the book which deals with the national government and Constitution is admirable. Omissions have been made judiciously, so that adequate information is given without too much detail. Thus interest is kept up, and the memory is not unduly taxed. Especially to be commended is the clear presentation of the fact that we have an unwritten as well as a written constitution. "In many respects the written constitution has been added to or has been modified by the course of events, so that we really have two constitutions working side by side and supplementing each other, the one written, the other unwritten."

With regard to the character and the purpose of the Constitution, no more wholesome view can be presented than the following: "The Constitution is, then, not entirely the set words and phrases written by Gouverneur Morris at the request of the convention. It is what by actual operation the people have made it, and upon their character it depends for what it really is. A constitution is not an end in itself, but a means to an end; and that end is the security of life, liberty, and property, and the opportunity of each individual, as a part of society, to develop his powers to the fullest."

C. H. SMITH.

*Redemptioners and Indentured Servants in the Colony and Commonwealth of Pennsylvania.* By Karl Frederick Geiser, Ph.D. The Tuttle, Morehouse & Taylor Co., New Haven, Conn.

This monograph is an important contribution to the history of immigration before the age of steam and cheap transportation. While not so full on the conditions of the ocean passage as Diffenderfer's "Redemptioners," it is more comprehensive and systematic in its study of the subsequent social status of the immigrants.

As we realize that in the absence of some powerful religious motive like that which contributed to the development of New England, it would have been hardly possible, in view of the cost of transportation, to populate the English colonies with laborers without some form of servitude, the history and problem of negro slavery in the Southern States is seen in a truer relation. The original conflict in the South was not so much between slave and free labor as between white servitude and negro slavery. That negro slavery finally displaced white servitude was in no small measure the result of England's use of the results of the Spanish succession war. In the non-plantation colonies, white servitude was a more efficient means of supplying labor and lasted on until the age of mechanical improvements put within the reach of the European peasant independent transportation to the new world.

With its well ordered narrative, bibliography, apparatus of notes, selected documents, and index, Dr. Geiser's book can be warmly commended to the students of the social history of the Middle States.

E. G. B.

#### RECENT LITERATURE.

Among the Yale Bicentennial Publications (Charles Scribner's Sons, New York), several in whole or in part appeal to the student of political science and political history. Chief among such must be mentioned Professor Schwab's "Confederate States of America," a signal contribution to financial and industrial history. The writer was at once fortunate and discerning in taking possession of so extensive a field not yet occupied, and the subject happily found an historian well qualified by practical and theoretical training to command its intricacies.

Among the papers in "Two Centuries Growth of American Law," by members of the Faculty of the Law School, of interest to the student of political science in its broader aspects, may be noted Judge Baldwin's "Introduction," noting the influence of the civil law in the seventeenth century and of codification in the nineteenth; his "Pleading in Civil Actions," a very brief and clear account of the reform in procedure; his "Constitutional Law," tracing our system back to the colonial charters and the practice of appeals to the King in Council, which took shape in the eighteenth century, noting the rise and influence of the bar in the latter half of that century, and briefly stating the controlling general doctrines of constitutional law as worked out by the courts and their practical operation upon our institutions; his "Private Corporations," showing the legal status of the colony charters and the American doctrine as to their inviolability afterward applied to private corporations in the Dartmouth College case, the English and American practice in the eighteenth century as to incorporation with chronological and classified lists of all charters granted by the colonial, state and federal governments before 1801, the policy of general corporation laws resulting in the strict limitation of corporate powers, the attitude of the courts to monopolistic trusts and corporate combinations, the rights of corporations outside the state creating them, and the effect of the fourteenth amendment to the federal constitution. Prof. Rogers in "Municipal Corporations" treats historically, with free reference to the primary legal sources, the development of the municipal corporation, which is shown to be a creation of American law, and touches upon the topics of self-incorporation, constitutional limitations upon such corporations, and their exemption from the



doctrine of the Dartmouth College case. Prof. Townsend discusses "Admiralty" topically from the strictly legal rather than the historical point of view and consequently does not bring out the states rights animus in the opposition to the full exercise by the federal courts of the admiralty powers granted by the constitution. The colonial vice-admiralty courts and state admiralty courts before 1789 are briefly referred to. Prof. Beers notes the great changes from the English law of Real Property, giving references mainly to secondary authorities, but does not treat the subject from the institutional or historical standpoint. Mr. Webb deals with "Criminal Law and Procedure" in a popular manner without exact references. His statement that benefit of clergy was never recognized in the colonies is erroneous,—witness the case of the British soldiers concerned in the "Boston Massacre." Massachusetts was legislating against a real evil when she abolished the privilege. Prof. Woolsey's paper on "International Law" gives a brief review of the contributions of the United States to this department by diplomatic action, especially with reference to the rights and duties of neutrals, freedom of the seas and the free navigation of rivers, international arbitration, continuous voyages, transfer of allegiance, and the Monroe doctrine, with brief notes upon the principal American treatises and early collegiate instruction in the subject. His statement that the United States "has not employed the right to commission privateers as an aid in war since its national existence began," is obviously incorrect. The other papers in the volume are mainly of technical legal interest though aimed at the general reader.

In the same field of legal and institutional history may be mentioned the essay by Professors C. F. Kent and F. K. Sanders on "The Growth of Israelitish Law" in the volume of "Biblical and Semitic Studies." Here the reader will find the results of modern critical study of what for so many centuries has borne the name of the Mosaic Law set forth very simply and clearly.

In "India Old and New," Professor Hopkins has collected several studies of the economic institutions and present-day problems of India: most timely are the essays on the plague and the fight against it. Of an historical and critical character are the papers on Hindu Gilds and the systems of land tenure. Two or three papers on the diplomatic history of the United States find a place in Professor Bourne's "Essays in Historical Criticism," among which may be noted "The Demarcation Line," "The Proposed Absorption of

Mexico, 1847-1848," and "The Legend of Marcus Whitman," in which the effort is made to rectify the widely prevalent distorted accounts of the status of the Oregon question in 1843.

Finally, President Hadley's "Education of the American Citizen" contains his presidential addresses before the Economic Association, some recent papers on Trusts, and his original and suggestive essays on "Ethics as a Political Science," first published in this Review.

In connection with these modern discussions one cannot help remarking upon the singular good fortune of the University in being able, at this two hundredth anniversary, to put into the hands of historical students the most minute and extensive record of the life of the American scholar of the eighteenth century, by the publication of "The Literary Diary of President Stiles," edited by Professor Dexter. That this will prove one of the most interesting and lasting monuments of the festival is certain. Of the contents of this Diary, so far as they relate to history and politics, a more extended review will be made later on.

The editors of "Two Centuries of Christian Activity at Yale" (G. P. Putnam's Sons, New York), Messrs. J. B. Reynolds, S. H. Fisher, and H. B. Wright, have made a valuable contribution to the history of the inner life of Yale during its first two centuries. The general historical sketch has been attractively written by Mr. Wright, and it will be gratifying to many to learn that he has been able to show that the tradition so widely diffused, that there was but a single undergraduate member in the College church at one time near the end of the eighteenth century, is untrue and to give a satisfactory explanation of its origin.

The various phases of religious activity at Yale are described by writers intimately familiar with them. Tables analyzing the church affiliations of the students show a striking increase in the proportion of Episcopalians. In the present Junior class there are 50 per cent. more Episcopalians than Congregationalists and nearly twice as many Episcopalians as Presbyterians. The publication of this volume will render a great service to the University and place in the hands of many of its graduates an interesting memorial of their college life.

The brief life of Cromwell, which Mr. S. R. Gardiner prepared some years ago for Messrs. Goupil for their series of richly illustrated historical works, has now been republished with some revision (Longmans, Green & Co., New York). Mr. Gardiner's cau-

tion and judicial impartiality give a certain dryness to his style in a compact narrative like this, and he has consequently not succeeded in making so interesting a book as Mr. Firth's life in the "Heroes of the Nations" series, but as a succinct review of Cromwell's career giving the sifted results of years of study by the great historian this volume will be warmly appreciated and will contribute powerfully to the establishment of a generally accepted verdict of a period and a personality which have been the battle ground of controversy for two hundred years.

Mr. Frederic Harrison's "George Washington and other American Addresses" (The Macmillan Co., New York) is an attractive miscellany commemorative of his recent journey in the United States. Half of the ten papers are devoted to the great leaders of the English race, Alfred, Cromwell, Washington and Lincoln. The essay on "Recent Biographies of Cromwell" is a timely aid to the reader, who halts perplexed before the still swelling host of Cromwell books. Brief vivid sketches of the great writers of the last two generations form the substance of the paper entitled "Personal Reminiscences."

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THE  
YALE REVIEW

A QUARTERLY JOURNAL FOR THE SCIENTIFIC DISCUSSION  
OF ECONOMIC, POLITICAL, AND SOCIAL QUESTIONS.

Vol. X. No. 4.

February, 1902

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COMMENT.

*The American Economic Association; Classes in the United States; The German Tariff Controversy.*

THE annual meeting of the American Economic Association has come to be an occasion which the members look back upon with pleasure. The association has now been in existence for nearly seventeen years, and has more than justified the aims of those who founded it. At the time of its organization, its objects were stated to be the encouragement of economic research, the publication of monographs, the encouragement of perfect freedom in all academic discussion, and the establishment of a bureau of information designed to aid all members with friendly counsels in their economic studies. While the publication of monographs has been from the first an eminently successful feature of the association and has helped to encourage research, it cannot be said that the other objects enumerated have made very heavy drafts upon the energies of the society. But, on the other hand, the association has come to fulfill a function not outlined in the original programme and yet perhaps as important as any of the others. It has furnished a meeting place for teachers of economics; it has created a clearing-house in which those who are independently pursuing similar studies throughout the year can come together, exchange ideas, and inform themselves regarding problems of teaching, methods of research, and other topics of common interest. The walls of university exclusiveness have in this way been broken down. The opportunity frequently

afforded of meeting in a university town gives many of the members a chance to see something of the workings of sister universities, which is of great value. The social elements of the meetings, especially the informal gatherings around the dinner table, in hotel parlors, and in clubs have grown to be a feature of marked value, on account of the broadening and stimulating effect which they have upon men in academic positions. But the meetings are a clearing-house in another sense of the word; they furnish an admirable opportunity for the younger men, recent graduates and advanced students, to make themselves known to their older economic brothers. This function is particularly important in a country like the United States, in which the personality of the professor often counts for as much as his power of research or his literary productivity. Those who publish extensively easily become known through their writings. There are many others who are so situated that they can publish little, and such meetings as those of the association give the new men their great opportunity to impress themselves upon others, and thus make it easier for the universities to supply themselves with the kind of men that they need. The question naturally arises whether in view of these developments, the meetings of the association might not be advantageously planned so as to do them greater justice. At the present time, the programs often read very much like the table of contents of a good economic magazine. The large number of journals devoted especially to economics makes it unnecessary for the association to serve as a publication agency for miscellaneous short articles. Even where the program calls for a debate, it often turns out that the persons who are put down as opening the debate virtually read short papers prepared beforehand on the topic. The program is so full that little opportunity is offered for a spontaneous discussion, and comparatively few have an opportunity of expressing themselves. The previous publication of a good many of the papers, which was introduced at the last meeting, was an important step in the right direction, and the debates would doubtless have been fuller, if the program had not been so full. To develop the meetings along the line of greatest influence and usefulness, the topics should be restricted in number and carefully selected.

If, for instance, we should take up not more than three subjects at one meeting, these might be carefully prepared by means of special monographs printed in advance; more time could then be allowed for the discussion of each one, and more people would be prepared to take part in the discussion. The meetings would gain in diversity and in interest; they would likewise gain in public effectiveness. As long as the sessions are open to the public, it would seem wise to select the topics with a considerable regard for those who are not members of the association, and whatever topics are discussed should be presented in such a way as to avoid possible misunderstanding. It is, for instance, more than probable that the discussion of the pure theory of protection in an abstract manner, without any reference whatever to existing problems, might produce on the minds of the public the impression that the members of the association were to a considerable extent advocates of the protective tariff as it now exists in the United States, whereas a poll of the members would undoubtedly show that few, if any, of them are. These suggestions do not imply any criticism of the policy of the American Economic Association in the past, but are rather intended to urge a further development of its work in the direction in which it has for some time shown a tendency to move.

Professor Seligman's paper on "The Economic Interpretation of History," read at the meeting of the American Economic Association, and his article on the same subject in the December number of the *Political Science Quarterly*, are calculated to revive interest in the Marxian philosophy of history. By this we do not mean the somewhat academic proposition that history should be interpreted mainly with reference to its economic aspects, but the more practical question of the *Klassenkampf*. For if Marx's generalization is true, then the history of the future, like that of the past, must be marked by this deadly and destructive fight for supremacy between different social classes. Modern German history has done much to prove the truth of his doctrine, for whether or not all history turns upon the *Klassenkampf*, it is certain that it has played a prominent part in

the recent development of Germany, and that the influence of the fourth estate is in some respects very marked. Social democracy has not yet been established and probably never will be, but imperial socialism is rapidly spreading, and the monarchy has been fed for a couple of decades on socialistic manna. This same tendency is seen, though to less degree, in other countries. In New Zealand and Australia the strength of the labor party has put through a good deal of legislation properly characterized as socialistic, since it involves a great extension of the activity of the state in the interests of social equality, while France, Switzerland, and even England are following somewhat more tardily in the same direction. It is a speculation, but not a profitless one, to ask whether the United States is traveling the same road or whether it may succeed in marking out a path for itself. It is certainly a fact that thus far comparatively little legislation of a radically socialistic character has been passed, either by Congress or by the State legislatures. Is this to be attributed to the fact that we have not yet outgrown the pioneer stage and that the equality of all before the law has made it impossible for class distinctions to arise, or is there a deeper reason for this state of things? If the newness of the country sufficed to account for the absence of such legislation, then still more should we expect to find it lacking in Australia. But our industrial organization is older than the Australasian, and, while we lack the hereditary class distinctions of some European countries, the differences in wealth are quite as marked in the United States as elsewhere. Certainly the extremes are as great, even though it may be easier to pass from one stratum to another. Yet really socialistic measures find few advocates of any prominence in our country and these are conspicuously absent from the ranks of organized labor.

To give a conclusive explanation of this condition is clearly impossible. Many causes doubtless concur in producing it. Our constitution itself creates, as far as the federal government is concerned, a decided legal obstacle. But there are indications which make it at least reasonable to hope that we may find a less violent solution of the social question than is being resorted to in some other countries. To mention but a few of these



straws, which show how the wind blows, the recent conference on the subject of industrial peace held in New York last December, taken in connection with a number of special agreements made in individual trades to prevent the outbreak of strikes, indicates the possibility of mitigating industrial contests by conference and mutual understanding. The interesting feature of these movements lies in their recognition of the equality of the two parties, the employer and the employed, and of the legitimacy of their organizations. The employer recognizes the trade-union as a proper means of furthering the interests of the wage receiver, while the latter recognizes the trust as a proper development of industrial economy. Each, of course, makes provisos: the employer does not approve of the trade-union which promotes inefficiency; the trade-unionist does not approve of the trust which attempts a burdensome monopoly or tries to influence the legislature or the courts. But a great deal has already been done towards finding a common standing ground and thus lessening the bitterness of industrial contests.

Another movement which is very significant in this connection is the lavish endowment by rich men of libraries, colleges, and other public institutions. The gifts of the past year to educational, charitable, and other public objects, which are estimated by the *Chicago Tribune* at \$123,000,000, call attention emphatically to a movement which has been going on for years. It would be interesting, if it were possible, to find out how large a block of corporation shares and bonds is at present held by American public institutions. The aggregate must be very large, and it has of late been increasing very rapidly. This has a double effect. On the one hand, it greatly weakens the popular jealousy of large fortunes; on the other, the amount spent on education greatly facilitates the upward movement of poor young men who have brains, and thus prevents the crystallization of a strong class feeling. Thus, while in Germany the tendency has been to transfer more and more capital to the state, in our country a large part has gone into the hands of public institutions and given us in the place of state socialism a certain trusteeship socialization of wealth. It seems not impossible, in view of these marked developments, that the United States may find a different

solution for its social problems from that which has characterized much of the legislation in other parts of the world during the past few years.

The proposed agrarian tariff in Germany is bringing out more sharply than ever new phases of the general struggle of classes which seems to characterize the politics of that country. For beside the struggle that Marx made prominent with his idea of the *Klassenkampf*, there are other class conflicts in Germany that, for the moment at least, are equally important. The Socialists, with their theory of proletarian opposition to the property owners, watch with glee the conflict of interests within the possessing class itself. There is, in the first place, the long standing opposition between the agricultural and the commercial industrial parties which is now reaching a breaking point, and, further, within the ranks of the latter there is a recognized split between the mercantile and the manufacturing elements. All these conflicting interests find expression to some degree in politics, and in no other country is there any such division of political parties according to economic classes. Nowhere is political life characterized by such intense class consciousness as in Germany. It may also be said that in no other country are the discussions of public questions so tinged with the idea of race struggle. This theory now takes equal rank with that of the *Klassenkampf* in the materialistic or economic philosophy of history. Sombart, in his brilliant little book on Socialism, puts it brutally in saying that history is made up of two struggles, that for the *Futterplatz* and that for the *Futtertheil*. A large part of the recent discussion of commercial policy in Germany starts from the assumption that the object of statesmanship is not to secure the largest individual welfare, but rather national supremacy, and further that the means to this lie not only in economic efficiency at home, important as this may be, but also in a vigorous encouragement of German commerce and, where necessary, in an exercise of political power. In brief, that *Handelspolitik* is not to be separated from *Machtpolitik*.

These ideas of class and race struggle appear in an interesting way in connection with the proposed tariff. The agrarian

and the industrial elements managed in years past to work with some degree of union in securing moderate protection to both agriculture and manufactures, but the subdivisions in the liberal party and the increasing political power of the agrarians have brought the latter to a pitch of aggressiveness which is a dangerous menace to all other interests. The result is a complete break between the agrarian and the industrial elements and a degeneration of politics to a scramble of classes, each trying to get what it can.

The position of the economists in the matter is that of men trying to induce a mob to "get together," and to sink separate interests for the benefit of the whole. This has led them to emphasize more than ever the idea of the race struggle and the need of harmonizing class interests to this end. At least it is to be hoped that a part of the exaggeration of this idea may be traced to the critical situation of the moment, for many of the recent utterances of economists in this regard are otherwise inexcusable. A few of them support the agrarian demands on the ground that there is no safety for Germany unless she shuns the road of English industrialism and maintains an "economic independence." The most notable of these is Professor Wagner. The majority, while admitting the importance of an agricultural class as the foundation of German society and supporting moderate grain duties, find in the proposed tariff a grave danger to the expansion of German commerce and of German population without which Germany's position as a world-power cannot be maintained. It is interesting to find here in conflict the two mercantilist ideas of economic independence and national supremacy with an expanding population. It would, however, be a great mistake to include all German economists in these two groups. There have been vigorous protests from Dietzel and others against the whole position of the North German school, which has been given the sarcastic title of *Kathedermarinisten*. Nevertheless the general attitude of German economists toward the question of the economic relations of nations must be recognized as in striking contrast to the attitude of English and American economists. Even such conservative writings as the recent volumes of the Verein für Socialpolitik are proof of this.

## CONSTITUTIONAL INTERPRETATION.

THE Constitution referred to in the caption is more especially that of the United States, though the discussion which follows is somewhat applicable to the organic law everywhere. The Constitution of the United States was not only new in method, it was very diverse from previous methods. The slow growth of the English Constitution was as distinct as it well could be from this immediate and final establishment of the supreme law by which we became a nation. Indeed, this rapid sketching of the terms of union and their peremptory enforcement would have been impossible, had not the long experience of England lain back of our convictions and given them clearness and force in the public mind. As it was, authority well defined and adequate came but slowly under the Constitution and was a thing of experience quite as much as of convention.

The formation of our Constitution was an anomalous and somewhat extravagant conception, and one which has given rise to a good deal of confused and misleading discussion. The Constitution of the United States is as clear as language can make any document of its comprehensive character, and yet it has given occasion for more than a century to endless diversity of opinion, to sharp antagonisms, and to such conflicting interpretations as those which characterize the Porto Rico decisions. It is quite an impossible thing that any convention should entertain a perspicuous and complete apprehension of immediate and coming events, should adequately embody all principles and methods suitable to their direction, and should lucidly express these sufficient and fundamental laws. If this impossibility were achieved, another and greater impossibility would lie beyond it—the inability of the people who are to turn this Constitution into statutes and policies to adequately comprehend their own work. We are compelled to give to the Constitution a kind of magical power by which it operates equally well whether the intellectual movement involved in it is fanciful, or partial, or complete. There is in our use of the Constitution, as holding, in some



absolute way, all the germs of development, something of the same difficulty which vexes the religionist in his assertion of complete inspiration in the Bible, while still possessed of only a very moderate inspiration in its use. Indeed, the Constitution has not been, and never could have been, that adequate working plan which men have feigned it to be; a chart sufficiently explicit to guide a great people in building a nation under novel conditions and untried methods. The most that a Constitution could do, could reasonably be expected to do, was to tether the States to fundamental ideas from which they could not pull apart. Since, in spite of the difficulties, the Constitution has been in a high degree such a restraining and guiding power, it becomes a matter of more interest to inquire into the reason of the intellectual confusion which has attended its development, and into the evils which have arisen, and are arising, from it.

The most novel feature of our Constitution, the most difficult in device, and the one which drew the attention of the States almost exclusively, was the recognition of distinct local governments within the general government, governments as independent in their own province as the Central Authority. All the jealousy, anxiety and difficulty of limitation lay at this point. The construction and adoption of the Constitution was a sacrifice of local authority, and one the people were very reluctant to make. Power abroad was not then much thought of by the several States, but freedom at home had been enjoyed in a high degree and been a subject of vigorous contention. It was this adjustment of central authority to distinct States which made the formation and adoption of the Constitution so hard a task. The desire of the States was to concede the least possible, to give to every concession a rigorous limit, and to resist, in administration, any enlargement of power on the part of the General Government. In judicial construction the principle constantly repeated, the starting point in all interpretation, has been the assertion, "The government of the United States can claim no powers which are not granted it by the Constitution, and the powers actually granted must be such as are expressly given or given by necessary interpretation."—*Martin vs. Hunter, 1 Wheaton, 304.*

"From the foundation of the Government, this court has held steadily to the view that the Government of the United States was one of enumerated powers, and that no one of its branches nor all of its branches combined could constitutionally exercise powers not granted, or which were not necessarily implied from those expressly granted."—*Downes vs. Bidwell*, 182 U. S., 244. The variety admitted in the use of this principle pertained to the directness of the implication. Here was a door that was always on the swing, and might easily be thrown wide open. This doctrine of implication, incapable of any final definition and receiving a different light with every change of circumstances, has been a ground of endless divergence. The lucid statements of the Constitution went but a little way, when, under the pressure of urgent wants, ingenious men sought a solution by means of the farther powers involved in the successful use of the powers conceded. Thus while some were disturbed by the purchase of Louisiana, others found no difficulty in it, since acquiring territory was only exercising the power to make treaties. Thus all powers became involved in every power, since the several powers stand in close affiliation, and, in their successful use, take to themselves, at one time or another, every variety of subsidiary action. No power is workable by itself alone, any more than one function of the human body can be performed without its other functions.

There was thus present, in the interpretation of the Constitution, an occasion for unceasing bickering. Either, as each fresh demand arose, there must be a new extension of power, or, the previous limitation adhered to, the central government must show increased incapacity to accomplish its task. This difficulty did not press equally on the Government in its interior, domestic relations, and in its exterior, foreign ones. The novelty of the doctrine of restricted powers lay almost wholly in the division to be effected between local and central authority. It was not easy for a State, in the presence of the national government, to maintain freedom in domestic affairs. This freedom, also, might readily be a serious embarrassment to national interests, and was always an anomalous arrangement.

The effort to retain, in its fullest form, the power of the State,

came to be associated with the doctrine that the Constitution was a contract between the States. There was some color for this assertion, though it tended to a complete subversion of central authority. It withheld from the nation its true national character, and undid the work that seemed to have been accomplished. The Constitution, once accepted, must take effect with the full force of a national government. While the general nature of this authority was sketched, all resistance to it was revolutionary. There was a forecast of this gathering authority in making the ratification of nine States sufficient to establish the Constitution; and in the disposition, as in the case of Rhode Island, to hasten the action of the sluggish States. To put a contract in place of a constitution, was a surreptitious escape from obligations which had been assumed but were found irksome. The correction of this doctrine called out bitter discussions and a protracted conflict. The assertion of a contract, as defining the relations of the States to each other and the central authority, was in entire keeping with the assertion of partial powers of sovereignty in the General Government. The one led on to the other, and both sprang from the notion of an independent authority remaining in the States. They had not established a true government which was no longer accountable to them, and to which they were accountable.

In preserving the division of power between the States and the United States, the safety of the States lay not so much in a rigid rendering of the language of the Constitution as in grasping its fundamental idea, and working it out in a method suitable to the exigencies of the case. This was to make of it a constitution and not a contract.

As a matter of fact, this has been done with a great deal of hesitancy, obscurity of thought, and needless conflict. The boundary between the two sets of powers has been a wavering one, often deflected from its true course by the pressure of circumstances. Naturalization has not rested exclusively, as was intended and as was fit, with the General Government. The States have intervened in the field of currency. The silent acceptance of slavery in the Southern States was urged as a permanent compact bearing with it equal rights to the two forms

of social life in all coming development. Thus implications were made and enforced which were not so much as named or thought of by those who framed the Constitution. Inter-state commerce still remains a field but partially occupied. These and similar lines of action were incapable of complete anticipation, and could not be disposed of by a verbal settlement. Their actual and changeable adjustment was to be wrought out, and is to be wrought out, by an interpretation of immediate possibilities under ruling principles.

When we approach the sovereignty pertaining to the nation in its relation to other nations, the case is much stronger. The formula of delegated powers ceases to be applicable. There is nothing to show any intention on the part of those who framed the Constitution to restrict the collective national power, or define its method of growth. Such a purpose would have simply been a crippling of national development. It could not have commanded immediate assent, and would have been, in its relation to the future, a most unjustifiable method of controlling the fortunes of a great nation. It would have been an entail of national life wholly intolerable.

Yet the same want of clear apprehension, the same spirit of resistance, which were present in the settlement of domestic relations, have been present, though in a less degree, in defining national sovereignty. Sovereignty could rest alone with the National Government; and this it must do in a complete form, or be altogether lost. The powers involved in it must, from the nature of the case and from their mutual dependence, be fully assumed. So we found it in the case of Louisiana. The States are not in communication with foreign powers, nor called on to exercise watchfulness over foreign relations. As all treaties are made by the General Government, and are the law of the land; as international law is enforced by it, and national policy framed by it; as foreign relations are at its disposal, we can put upon it, in its discharge of these delicate, difficult and changeable duties, no limitation of power. This would be to cripple ourselves without a purpose. We can allow no other nation to restrict us, nor should we restrict ourselves.

Foreign states, as Italy and China, whose citizens have suffered



injury in the United States, should never have been met, in urging their just claims upon us, with a limitation of the General Government by the States. This was to give them the right of addressing themselves to the States. As we demand redress of Turkey or China for any injury to an American citizen in their territory, so should we respond to a like claim on their part. It is the office of the General Government to enforce every international obligation everywhere within the United States. Our sovereignty cannot command respect, and is not adequate for its ends, without this power. The case of Alexander McLeod, in whose trial the courts of New York persisted after his act had been accepted as its own by the British Government, and Webster, Secretary of State, had demanded his release, was converted into an obstinate, ignominious adhesion, whose results were escaped by a failure to convict, in place of honorable, national conference.

Any limitation of the power of the National Government in dealing with other governments means impotency. The ninth and tenth amendments were, like the amendments which precede them, an after-thought, and were devised to calm irrational alarm, and prepare the way for the adoption of the Constitution. "The enumeration of certain rights shall not be construed to deny or disparage others retained by the people."

"The powers not delegated to the United States by the Constitution, nor prohibited to the States, are reserved to the States respectively or to the people." As far as the States are concerned, the language is intelligible and significant; as far as the people are concerned, it is neither intelligible nor significant. The people can exercise no powers except through the General Government; how then can they retain any powers? The people and the General Government are identical: as completely so as any association and the persons who have framed it for specific purposes. There is no association without the persons, and there are no collective powers aside from the association. What the people of the United States do not do in foreign affairs through the national instrumentality they have ordained for this very end, they cannot in any way accomplish. If they are dissatisfied with the administration of foreign affairs, their remedy lies in

the choice of other officers. It is mere failure to do nothing. Full power and full responsibility rest back on the people through the agents of this power and this responsibility, agents they themselves are choosing.

The Constitution of the United States does not, from the nature of the case, admit of a merely verbal rendering. It expresses methods which are to go with the nation in working out certain primary ideas embodied in the Constitution. The first of these ideas was local government for local affairs. The second was a national life to be developed under representative institutions. The national life was not to be straitened, nor was its method to be altered. The two were to secure in our history such coalescence as the circumstances should allow.

It was the mastery of this conception which made Marshall the great expounder and judicial framer of the Constitution. The keynote of his rendering was struck in the words, "We must never forget that it is a constitution we are expounding."—*McCulloch vs. State of Maryland*, 4 *Wheaton*, 316. The case involved the constitutionality of the Bank of the United States. Marshall claimed that the complete financial powers conceded by the Constitution and incident to sovereignty drew with them the choice of appropriate means. "The general view and object of the Constitution must prevail." Interpretation is no longer a critical rendering of words, it is an apprehension of ruling purposes, of actual wants, and a maintenance of the liberty requisite to secure them. The notion of a contract, or any form of fixed obligation, becomes utterly inapplicable. A tremendous, a well nigh inexhaustible, implication goes with a Constitution that is to remain the organic law of a great State in all its historical experiences. There can be no haggling over words, no parsimony of phrases. Each power is a germ of powers which are sooner or later sure to be involved in its growth. The concluding power conferred by the Constitution on Congress, "To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof," must have an interpretation sufficiently liberal to render the Constitution workable under all

circumstances. Says Marshall, "Congress must possess the choice of means, and must be empowered to use any means which are in fact conducive to the exercise of a power granted by the Constitution."—*United States vs. Fisher and others*, 2 Cranch, 358.

This was the ruling idea with which he started in his memorable career. The words 'necessary and proper' were to be liberally construed. 'Necessary' does not mean an absolute necessity. As a defining word it is a yoke fellow with 'proper,' and must be left to draw with it. Among means 'necessary and proper,' Congress must be left to choose. "The government which has the right to do an act, and has imposed on it the duty of performing that act, must, according to the dictates of reason, be allowed to select the means."—*McCulloch vs. State of Maryland*.

Jefferson's constitutional scruples about the purchase of Louisiana had no weight with Marshall. A nation was too potent an instrument to admit of any such doubt. How could the great treaty power of a people, its right to adjust its relations to other nations, be fully exercised without the right of purchase? *Insurance Co. vs. Canter*, 1 Peters, 511. It was the same reasoning which led him to affirm the right of Congress to establish a United States Bank. It was an obvious means in discharging its fiscal duties. If experience should show it to be an unwise means, then safer methods might be substituted; but standing, as it did, in the list of means, it was open to the selection of Congress. Certainly no temper can be more fundamental in interpretation than that which prompts an expounder to preserve the primary purpose of the Constitution. This is the law of self-defence, which precedes all other law. An example of the opposite temper is found in the assertion of President Buchanan in his message to the 36th Congress.

"After much serious reflection, I have arrived at the conclusion that no such power—the power of coercion—has been delegated to Congress, or to any other department of the general government. It is manifest, upon an interpretation of the Constitution, that this is not among the specific and enumerated powers granted to Congress; and it is equally apparent, that its exercise is not necessary or proper for carrying into execution any one of these powers."

Having seen the gravest possible failure of this method of interpretation, we have only to turn to the objection of Senator Fessenden to the distribution of seeds by the Department of Agriculture as without constitutional warrant, to see how ridiculous it may become. The Constitution is thus converted into mere rubbish to be thrown into the path of the Nation by anyone who wishes to trip its feet.

A most serious objection to the recent decision of the Supreme Court on the income tax was, that it served to cripple a most important power, and to render henceforward even proximate justice in taxation more difficult.

Moreover the historical bearings of the Constitution were disregarded. A limitation, whose reason had expired with the close of the slavery controversy, was given new life, and an extension neither contemplated by the framers of the Constitution nor demanded by the circumstances. This was not to expound the Constitution, but to perplex and baffle it. The Constitution is but one factor in national growth. Whatever may be its interior harmony, the circumstances which it encounters will begin at once to act vigorously upon it, and warp it to their own uses. This fact must be recognized. The most democratic institutions, as in the case of Athens, may leave the mass of the community unaffected by them. The ideal growth which the Constitution of the United States was thought to contemplate was by no means the same in the minds of all, and could not, therefore, lead to like lines of exposition. Slavery had found recognition in it, though in a grudging and obscure way. The growth of the nation, instead of settling this question by elimination, constantly raised it to new importance. Those who regarded slavery as an essential and legitimate element in society naturally claimed for it equal terms of extension with free institutions. The Constitution, having given it a footing, became in their minds a pledge of protection. The government could not, at a later stage, deny to it the equality it had been conceded. The Supreme Court, under this rendering of the terms of union, in the *Dred Scott* case, worked out fully the two propositions, that the right of the negro found no recognition under the Constitution, and that the Constitution, in its administration, allowed no inequality of



opportunity between the States based on the presence or absence of slaves. The argument of Chief Justice Taney was not so much illegal as it was immoral. This constant watchfulness over the interests of slavery, and constant tug at the Constitution to make it fully cover them, tended greatly to degrade that high ideal of liberty under which it should have been expounded, and to make its interpretation narrow and critical whenever this institution was involved. Slavery thus became a source of perplexity in understanding and rendering our system of government.

An equally persistent temper, taking all candor and scope from the interpretation of the Constitution, was the jealousy and independence of the States. It is a matter of surprise that in Switzerland, subjected to pressure on so many sides, the movement toward an adequate union was so slow and reluctant, with so many breaks. While there were more natural affiliations between the several American colonies than between the cantons, there was much less external coercion. Our history was one of wayward and independent impulses. The Constitution was looked on with suspicion in its formation, and was far in advance of the popular mind. It was a difficult experiment, this uniting of independent States into a single nation without a loss of their individuality. The Constitution could define only in general terms the powers granted to the General Government, and the restraints put upon the States. Nothing but a protracted experience, shaped toward a given result, could untangle and straighten these commingled lines of action. It was impossible to make the description full and accurate, and the development under it necessarily met with many obscure and perplexing questions in which opposite tendencies found exhaustless grounds of contention. The Constitution, unable to anticipate the complexity of events, sketched only a general outline. This was to be worked out, point by point, under a great variety of conflicting sentiments and interests. This perpetual dissension, in which the States conceded as little as possible and retained as much as possible, affected unfavorably the temper of interpretation. The ideal aim was overlooked. It was either absent from the mind altogether, or was quickly obscured in the conflict of interests. Not

only was there a tenacious holding on by the States to rights plainly conceded to the General Government, they grudged the General Government those powers which it was impossible that they themselves should exercise, and yet in whose exercise their own prosperity was involved. The obvious distinction between domestic powers, capable of division, and those of sovereignty, incapable of partition, was forgotten. Having no adequate ideal in view, interpretation became verbal, fanciful and contradictory. Instead of being wrought out carefully along the lines of possibility, it became a blind contention in behalf of this and that interest. This unwise temper has served to obscure the Constitution in its primary purpose, and like a vicious habit, to involve the mind more and more in its meshes.

The legislative and judicial departments have been brought into conflict. It was a fundamental purpose of the Constitution to make the three departments a check on each other by keeping them distinct from each other. A confusion of powers allows of a ready abuse of powers. If, however, the Supreme Court is to sit in judgment on the policy pursued by Congress, this division is lost; and uncertainty in the ruling department of legislation becomes chronic.

A good example of this was offered in connection with the question of the constitutionality of the issue of greenbacks in '62. It was not a case in which some fundamental guarantee of individual rights was involved, nor one in which the powers of the States were in question. It was one involving simply the powers of the General Government and its resources in meeting critical circumstances. The Supreme Court was asked to sit in judgment on the exercise by Congress of a power which was not explicitly included in the powers conferred by the Constitution, and some thought was inferentially excluded. The question was not whether the issue of greenbacks was a wise or unwise policy, but whether the measure was within the scope of that sovereign control which fell to the nation and to Congress as the organ of national life in the matter of finance. The relief incidental to the issue had been experienced. The evils connected with it had been suffered. Some years had passed when the first suit, testing the validity, was decided—*Hepburn vs. Griswold*, 8

Wallace, 603. What could be more inapt or impractical than that a policy of this wide and urgent character should, after the passage of so long a period, come under the deliberation of the Supreme Court and be open to reversal; that it should come under this consideration not at all on the original grounds which had determined the action of Congress, but on purely technical considerations! If our Constitution does involve such liabilities, it is certainly a most awkward and ill-advised instrument. A denial of the right of issue would have added to the evils already suffered an entirely new crop. The attempted correction would have been as disturbing as the earlier injury, and the two together would have constituted an accumulation of mischief rarely equaled. That the Supreme Court reached so slowly, only in a third decision, the true ground was due to the stubborn, current conviction that the General Government has no true sovereignty, but is throughout a committee of control endowed with restricted powers. It was the common sense of such men as Justice Miller which saved us from an untoward issue of our prescriptive notion of limited powers to be defined and redefined by the Supreme Court. In the case of *Hepburn vs. Griswold*, Justice Miller first quotes from Marshall: "To have declared that the best means shall not be used, but those alone without which the power given would be nugatory, would have been to deprive the legislature of the capacity to avail itself of experience, to exercise its reason, and to accommodate itself to circumstances." He then adds: "If he had had clearly before his mind the future history of his country, he could not have better characterized a principle—the rigid principle—which would in this very case have rendered the power to carry on the war nugatory, which would have deprived Congress of the capacity to avail itself of experience, to exercise its reason, and to accommodate its legislation to circumstances by the use of the most appropriate means of supporting the government in the crisis of its fate." As a matter of fact the cases in which the court has pronounced the action of Congress unconstitutional have been very few, and, with the exception of the prohibition of slavery in acquired territory and the income tax, relatively unimportant. The denial of the power of Congress in reference to the extension of slavery was not allowed to stand

in the way of the popular mind; nor is the obstacle thrown in the path of free and equal taxation likely to be more successful. Had the Supreme Court been otherwise than thus cautious and conservative, the General Government would have hardly endured the strain of conflict to the present time.

It was practically a *reductio ad absurdum* of the doctrine of limited sovereignty, when Chief Justice Chase pronounced the action of Congress, in the issue of greenbacks, unconstitutional, having, as Secretary of the Treasury, in the presence of the events which determined this action, concurred in it. This was to place himself on the ground of President Buchanan, that the government was without the right of self-preservation.

A second difficulty of this doctrine of limited sovereignty is that it does not give to circumstances their proper weight. Though they may press forward like the swollen waters of the Nile, it attempts to dam them with bulrushes. This inaptness was conspicuous in reconstruction. Congress was at no time willing to have its reconstruction measures come under the consideration of the Supreme Court. Chief Justice Chase and a majority of the court with him regarded the States in rebellion as still members of the United States, whose rights had not been lost by their revolt. "The union was an indestructible union composed of indestructible states."—*Texas vs. White*, 7 *Wallace*, 700. Justices Miller, Swayne and Grier dissented. Justice Grier tersely put it, "It is a question of fact, I repeat, and of fact only. Politically, Texas is not a State in this Union."

Under the view of President Buchanan, the Constitution gave us no right to resist rebellion; under the view of the Supreme Court it gave us, having overcome rebellion, no power in reconstruction to remove the causes which had given rise to it, and to guard the country against its repetition. This was an effort to make the Constitution stronger than the flood of historic events which confronted it; a feeling that the ship itself must calm the tides, hush the storms, or be left to be overwhelmed by them.

If we allow the circumstances, to whose adjustment the provisions of the Constitution are at any time brought, their proper influence, the words of the Constitution can not be regarded as having a perfectly adequate and unalter-



able meaning. Words will be given a broader or a narrower significance as the exigency of each case requires. This method is consistent with the very nature of language, and is in constant usage in connection with it. Words amplify and contract their meaning in harmony with the special assertion of which, in any given case, they form a part. The Territories and States which form the United States are not perfectly homogeneous in their political relations, nor in the power exercised over them by Congress. The words, United States, as used in the Constitution and elsewhere, may have, therefore, a more or less comprehensive meaning according to the immediate affirmation made concerning them. The United States has the right to raise troops and wage war in every portion of its possessions, whether States or Territories; it has not the right to establish courts, in the States, constructed in any other method than that ordered by the Constitution. Its military rights are the same everywhere, while its judicial rights are diverse in States and in Territories. When we are speaking of military power, the words, United States, may have a more comprehensive meaning than when judicial methods are under consideration. When the Constitution affirms "Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States," it thereby discriminates between the United States and its Territories, and gives special powers in reference to the latter.

Justice Bradley affirms, *Morman Church vs. United States*, 136 U. S., 1—"The power of Congress over the Territories is general and plenary, arising from and incidental to the right to acquire territory itself, and from the power given by the Constitution to make all needful rules and regulations respecting the territory or other property belonging to the United States. It would be absurd to hold that the United States has power to acquire territory and no power to govern it when acquired."

A coherent rendering of powers, subject to the conditions under which they are exercised, must be conceded, or the powers themselves fall into a deadlock and are lost. In the Porto Rico case, *Downes vs. Bidwell*, 182 U. S., 244, in the dissenting opinion rendered by Chief Justice Fuller, Marshall's decisions are

brought into conflict. In the case of *Loughborough vs. Blake*, 5 Wheaton, 317, in which the subject under consideration was the right of Congress to impose a direct tax on the District of Columbia, Marshall affirmed the right on the ground that the power to impose taxes extended "throughout the United States." Eight years later, in the case, *American Insurance Company vs. Canter*, 1 Peters, 511, he held as distinctly that the judicial claim of the Constitution did not extend to the Territories, and that Congress had a free hand in framing their judicial systems. "These courts are legislative courts created by virtue of the general right of sovereignty which exists in the government, or in virtue of the clause which enables Congress to make all needful rules and regulations respecting the territory belonging to the United States." If we interpret these two cases together, there is no contradiction and no difference of doctrine. While the language in the first case is general, no other circumstances being under consideration, when the exception arose, in the second case, it was immediately recognized. While the language, in the first instance, might have been more circumspect, more anticipatory of other relations, the two decisions agree with each other in recognizing the fact that the provisions of the Constitution do or do not extend to the Territories according as they are or are not applicable to the special relations and wants under consideration. The Constitution must be given such extension and no more as the facts in the case allow. In other words, the Constitution is to be rendered in the presence of the facts and not in forgetfulness of them. Any other method leads to confusion, inconsistency and weakness. It is thought to be a sufficient justification of a doubtful policy that it is not inconsistent with the letter of the Constitution. The discussion is constantly sinking from the merits of the case, the permanent laws of the ethical and social world, to a shrewd logomachy applied to the possible meanings and possible inferences of a document that never contemplated the case in hand. Thus the anti-imperialists surrender their cause in the outset by transferring it from the tribunal of reason to the technical rendering of the Constitution, a document all the more unfit to cast light on such a discussion because, in its interpretation, all admit the very variable element

of inferred powers. We have not even an exact letter to deal with, but one as elastic as a rubber band in the number of things that may be bundled up and held together by it. If we wish precision, if we wish to escape evasion, we must do it by facing the explicit circumstances under consideration. This inconsistency of interpretation was especially conspicuous in Chief Justice Chase and Justice Field. They could find no constitutional ground for the issue of greenbacks, and yet, in the *Slaughterhouse cases*—16 Wallace, 36—they admitted a rendering of the first clause of the fourteenth amendment which, if it had been accepted by the court, would have gone far to have subverted the fundamental relations of the States to the general government. The amendment is broad in its language, but explicit in the circumstances which called it out. "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

The case in hand was one of extreme rights conferred on a company under the guise of the police power. The grant had been made by the legislature of Louisiana and confirmed as constitutional by its supreme court. This action had nothing to do with the rights of negroes. If a trespass, it was a trespass alike on whites and blacks. The question before the Supreme Court was, whether, under the fourteenth amendment, all abridgement of the privileges and immunities of citizens of the United States by the States was open to correction in the courts of the United States. So the letter of the amendment seemed to say. An answer in the affirmative would, however, have swept away the protective barrier which had been built up about the courts of the several States.

Justice Miller, who gave the opinion of the court, and who was second to no one but Marshall in the breadth and solidity of his views, affirmed that the fourteenth amendment was to be interpreted in view of the circumstances which gave rise to it, and not to be given a breadth of meaning wholly beyond them: that it was designed simply and exclusively to protect the negro in his civil rights, and not intended in any way to alter the

general relations of the States and the United States. "In the light of this recapitulation of events, almost too recent to be called history, but which are familiar to us all; and on the most casual examination of the language of the amendments, no one can fail to be impressed with the one prevailing purpose found in them all, lying at the foundation of each, and without which none of them would have been even suggested. We mean the freedom of the slave race, the security and firm establishment of that freedom, and the protection of the newly made freemen and citizens from the oppression of those who had formerly exercised unlimited dominion over them."

The verbal rendering of the Constitution in this instance—and it would be easy to give other instances of a like character if it were at all necessary—utterly broke down, and Chase and Field, who would not allow of the exercise by Congress of a power deemed by it necessary to save the country and Constitution, were ready to sacrifice in a wholesale way the independence of the States, because the language of an amendment was broader than the circumstances demanded. The uncertainty and inconsistency of opinions which rest on a verbal rendering of the Constitution can hardly receive more emphasis than in the contrasted opinions of judges in this case. There is no end to the parry and thrust, button on foil, of a verbal contest. If we wish to reach facts, we must start with facts.

Constitutional interpretation and ordinary judicial decisions are put on a different footing, much to the disadvantage of the former, by the method of a close rendering of the letter of the Constitution. The court loses, in the first case, the liberty which it has in the second case, and which is the gist of its function. The principles of law are applied in each suit which comes under them—if well applied—in view of the particular claims then made. Any diversity they may offer, any new danger or divergent tendency which may be disclosed in them, come under consideration; and may result in a reshaping of the principles involved. But in constitutional interpretation it is not thus. We are back on literal interpretation. A great nation, in lusty manhood, must clothe itself in the garments cut out for it in its youth. If they are not ample enough, it must force itself into



them or go nude. Thus twenty-one years after the issue of greenbacks, Justice Fields, in the latest of the three decisions, laments "that the wants of the government are made by it the measure of its powers." What right has a government to need, or if needing, to secure, what its constitution has not specifically provided! "The rule adopted by the Court, fully carried out, would change the whole nature of the Constitution, and break down the barriers which separate a government of limited from one of unlimited powers." This is to mourn that the Constitution is to become a constitution, and not a precept, to be disobeyed at one's peril.

When it came to the subversion of the intended, the historic, the grandly peculiar, relation of the States to the United States, the letter still held him in its leash. "The question propounded is whether the recent amendments of the Federal Constitution protect the citizens of the United States against the deprivation of their common rights by State legislation. In my judgment the fourteenth amendment does afford such protection." In a like temper, Chief Justice Fuller says in the recent Porto Rico decision, "Some argument was made as to general consequences apprehended to flow from this result, but the language of the Constitution is too plain and unambiguous to permit its meaning to be thus influenced. There is nothing "in the literal construction so obviously absurd or mischievous or repugnant to the general spirit of the instrument as to justify those who expound the Constitution "in giving it a construction not warranted by the words." Are those who stand on the bridge, to guide the Ship of State, about to adopt the maxim, "Go it blind."

The Supreme Court is not needlessly to limit its primary function of a discretionary harmonizing of law and fact in a safe and intelligible decision; much less is it to throw a lasso over Congress in shaping a wise and suitable policy to the present conditions of action. It is true that discretionary powers will, at times, exceed their true limit, but it is no remedy to take away discretion. It is the exercise of reason which protects reason. The sound judgment which we must rely on in the end must be with us from the beginning. Not to turn back till we are involved in an absurdity is to be tossed from error to error like a tennis ball between rackets.

This method of reasoning diverts our attention from the true governing causes. The waters which are not allowed to flow in their proper channels break out mischievously elsewhere. When the question was raised as to the constitutional right of the government to lay protective duties, it was immediately discovered that no limit was laid on its right of taxation, and that protection was a kind of taxation. Here was a discovery which opened the way to any number of duties, laid for every variety of ends, and left the whole question of sound policy to the doctrinaire. If we had been less attentive to the constitutional question, we might have been more attentive to the question of justice and wisdom. As it is, by an indirection, we bundled together the public welfare and private interest, and tied them up in such an inextricable knot that even an hostile administration can only loosen a strand here and there.

The relations between the States and the General Government, between the General Government and the world at large, are ever becoming more complex and critical as social and commercial intercourse increases. They need constantly to be redefined and made more explicit. No letter will suffice for this profound purpose. Railroads and corporations, as partakers in inter-state commerce, must come under ample regulation adequate to the interests involved. Local government and the general organic exigency are to be reconciled. Neither is to be needlessly sacrificed to the other. Nothing but the organic idea which lies at the basis of our Constitution, but which finds no final and adequate expression in it, can suffice for this ever changing and comprehensive purpose. There never was a plainer case in which the letter killeth and the spirit giveth life than in the rendering of our organic law.

This leads us to one more consideration which springs out of previous ones and more or less includes them. National growth demands growth in the organic law. It is preposterous to suppose that new occasions should not arise, occasions either not anticipated, or only partially anticipated, by the framers of the Constitution. It is wholesale sacrifice of liberty to think or to claim that one generation can or shall order the life of succeeding generations. Each generation must be left free to handle its

own problems. Our Constitution is very slow to accept change by amendments. Add to this inflexibility, inflexibility in interpretation, and it becomes year by year less fitted to our wants. It is made a heavy yoke by which we draw a burden not our own; instead of a flexible harness in which a people settle down to a steady and constant pull at its immediate task. Growth must be had at all hazards, and it can best be had by keeping the temper of the Constitution and the facts with which we are for the moment dealing constantly before us. Our Declaration of Independence admits, in its assertion of rights, of no universal application. In consistency with the method adopted in rendering the Constitution, some treat it as if it were an immediate and absolute guide of action, instead of a remote and ideal one. They fail to see that it loses, not gains, authority by such a use. Our Star of Bethlehem must stand near to or exactly over the manger, or it is regarded as no guide whatever. The ideal owes its power to its elevation. It never exhausts its guidance. Make it an immediate and explicit command, and it at once becomes narrow and disputable. We have never been able, in the circuit of the original States, to apply the doctrine of the Declaration without restriction. A rational, and thus an ever-widening, rendering of it, and of the Constitution which it helped to usher in, is the real reverence which we should pay to them both.

As an immediate culmination of this restricted method of interpretation in which the letter of the Constitution and existing circumstances are placed in irreconcilable conflict,—the only open policy, which is no policy, being one of retreat and abandonment—we have the present diversity of opinion in the Supreme Court as to the powers of Congress in connection with acquired territory. It is hardly too much to say that in the recent Porto Rico decision—*Downes vs. Bidwell*, 182 U. S., 244,—the Court went completely to pieces. A judgment was reached by a bare majority, and with only a partial agreement of those who concurred in it. There were five opinions given in the case, so unable were the judges to agree with each other. The diversity in precedents, the restricted ideas entertained of the Constitution, and the reluctance to accept a great extension in our national policy gave almost as many outlooks as there were judges. Few

were willing that another should declare their opinion. This was the natural conclusion of a line of reasoning by which the Supreme Court virtually takes on the function of Congress, and determines the lines of growth which the nation should adopt. It is shortly distracted between the greatest variety of considerations. It has neither the freedom of action which belongs to Congress, nor the more limited and exact grounds of discussion which pertains to judicial procedure. It belongs to the people through its representatives to develop its national methods in growth, and to the judiciary to see that none of the fundamental rights of the individual, and none of the claims of the several States, are disregarded in doing it. We are always to remember that we are dealing with a Constitution which is to become more and more the organ of national development, which is to be affected by, and to affect increasingly, the national growth; which is to stand a living force among living forces, ever made alive by the vitality poured into it by the people and poured out from it in the fulfillment of their immediate purpose. The integrity of that purpose is our only safety. To this all eyes must be directed.

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## THE ECONOMIC EFFECTS OF LEGAL TENDER.

THE influence of legal tender provisions upon the value of any particular form of money has received more or less popular attention; but its economic effects, its historical development in our jurisprudence, have rarely been given systematic treatment. For a time it was tacitly assumed by our statesmen that the legal tender quality was essential to the circulation of both metallic and paper money. Indeed, it is doubtful if, to-day, there is any clear understanding as to whether or not only the standard metal should be given this legal power; or whether all the forms of money which serve as media of exchange should be made a legal tender for existing debts; or even whether only some media of exchange, and not others, should have it.

Historically the legal tender conception did not, of course, have its origin in legislation, or in decisions of the courts, but in the early prerogative of the Crown. From pre-Norman times, it was as much a part of the royal prerogative to control the coinage as it was to control the public peace. According to Sir Matthew Hale, this power included control over the weight, alloy and denominations of the coins; the legitimation of foreign coins; and the alteration of any denomination already in use. It was exercised by royal proclamation, or by an indenture between the king and the master of the mint. In brief, before 1774, all coins issued from the English mint, and duly legitimated, whether by proclamation or not, became *ipso facto* legal tender, unless otherwise expressly declared; that is, the being a legal tender was an implied quality of all lawful money.

It is to be borne in mind, in the early centuries of British development, that there was no such thing as perfect freedom of contract and unlimited freedom of commerce. Strict regulation of trade by the government was the rule. As regards what, in modern law, are termed "executed contracts," such as are performed in any market at the same time and place by the actual passage of money, and in which no time element enters, the dictation of the Crown appeared in that peculiar form of legal tender which required the seller to take the coins at the rate at

which they were named in the proclamation; and which, in case of refusal, was followed by heavy penalties. The natural method of escaping this rule by fixing the price accordingly was met by acts intended to regulate prices. Hence it is that this part of legal tender history became a part of English criminal law.

As regards what are now termed in law "executory contracts," in which a period of time elapses between the making and fulfilling of the agreement, the case was somewhat different. And it is to be remembered that it is in regard to such contracts as these that the modern questions about legal tender have arisen. While a rude law of contract had existed from early times, there seems to have been no relationship established in the early period between the legal tender forms of money and these executory contracts. As has been said, freedom of contract had really not existed. As time went on, it is interesting to note how the legal and economic development in connection with contracts went on hand in hand. The industrial and commercial movement in the sixteenth and seventeenth centuries naturally carried with it the necessity for the use of time contracts and their enforcement by law. Thus we come to the development of legal actions for debt. The essence of "debt" is a contract having a time element. The action of debt for the purpose of recovering a sum of money was developed as early as the time of Henry the First,<sup>1</sup> and it is from one of the pleas allowed in a defense to such action that we have the word "tender."

"The doctrine of the law as finally developed was that for every wrong involved in breach of contract there was, as in case of goods and services, a money equivalent, a money compensation; only in so far as the parties, by the payment of money damages, could be put into the position in which they would have been had there been no breach did the common law attempt to give relief. Herein lay one of the deficiencies of the common law, which led to the development of the Court of Chancery, granting equity jurisdiction and giving remedy not by money damage, but by requiring specific performance of the contract."<sup>2</sup>

<sup>1</sup> Glanvil, Book X, Chap. 3 (Beame's Translation).

<sup>2</sup> From an unpublished study on the History of Legal Tender, by Miss S. P. Breckenridge, for which I am indebted for the historical facts above presented.

In English law it was not until 1774 that the first really modern legal tender act was passed. Although the silver and gold coins had been changed in weight by almost every sovereign, no intentional debasements of the silver coinage occurred after 1601. The changes in the weight of the gold coins were chiefly made for the purpose of securing a concurrent circulation of gold and silver.

The belief has been sometimes expressed that legal tender enactments have originated in the desire of despotic governments to use such acts in the furtherance of their own selfish ends.<sup>1</sup> It is true that the standard fineness, and, also, the weight of coins were often debased by sovereigns; and the changes of the standard by the Crown had the effect of legal tender enactments on the private engagements of subjects, because the coins were used by all alike, Crown or subject. But as regards the legal tender control over payments in time contracts—that which is commonly referred to in modern discussions—instead of it being a recourse of the Crown for its own profit, such laws (and the development of action for debt) were the outcome of the industrial and commercial development of the people, previously mentioned, in the sixteenth and seventeenth centuries, which carried with it an extension of freedom of contract. The growth of industry and commerce necessitated a more efficient means of enforcing agreements originating in more extensive buying and selling of goods. The necessity of having the means of enforcing agreements in the courts was the fundamental thing in legal tender requirements, and this legal protection was created in the interests of the merchant and of the business community, rather than in the special interests of the Crown. In short, legal tender rules are an essential to the legal interpretation of time contracts, and their origin is to be found in the development of the rights of the people, which went on most actively con-

<sup>1</sup> Mr. Edward Atkinson has expressed himself on this point as follows: "I came to the conclusion that no decree and no statute of legal tender could ever have originated anywhere except for the purpose of forcing a debased coin into circulation, or for the purpose of collecting a forced loan by making paper substitutes for coin a legal tender for debts. That hypothesis, based wholly upon a *priori* reasoning, seems to be fully sustained by the facts of history so far as I can learn about them."—*Methods of Investigation in Monetary Science* (1894), pp. 4-5.

temporarily with industrial expansion. Whenever a government takes advantage of its sovereignty to use legal tender enactments to the injury of its citizens, in regard to their private indebtedness, that case can be judged by evident rules of public morality, without carrying with it the condemnation of necessary parts in the constitution of modern commercial life.

When, in 1789, the United States came into existence under the Constitution, the new government was given the right to coin gold and silver, or any other metal, into money. No special grant of the power to make its coins legal tender was mentioned. Naturally the right to coin money, according to English precedent, carried with it the right to attach to coins, if Congress so pleased, the legal tender quality. This general power seems to have been taken for granted by universal consent, for it does not seem ever to have been raised.<sup>1</sup> It was the traditional attribute of sovereignty in regard to coinage.

This assumption, under precedent, of the rights of sovereignty in respect to coinage does not, however, oblige us to assume that the new government could exercise any and all other forms of sovereignty that may have been exercised in the past by despotic rulers; otherwise the war of the Revolution would have had no meaning. Moreover, in the Constitution, the provisions with regard to coinage were never confused with any statements which could be applied to paper money. Whenever paper money is referred to it is mentioned under the name of "bills of credit." Therefore the precedent which permits the legal tender quality to be applied to coins does not necessarily carry with it any precedent as to the right to attach the legal tender quality to paper money. And this, of course, follows quite independently of any discussion as to the right of the federal government to issue bills of credit. Upon that discussion it is not my purpose to enter.

The essential points in the origin and development of legal tender in regard to executory contracts are unmistakably clear. From this exposition, it must be clearly apparent that the matter is one concerned entirely with the necessity of having a legal

<sup>1</sup> Mr. Williams, Dec. 14th, 1797, raised the doubt as to the power of Congress to declare what should be legal tender for the State. He held that the States might make a tender of whatever coins they pleased, provided they did it at the value fixed on them by Congress.—*Annals*, 1797-98, p. 731.



means of interpreting contracts. Indeed the main importance of a legal tender requirement is judicial; perhaps, it might almost be said, also, its only importance. With this legal background for our study, it will now be possible to proceed with an examination into the economic effects of legal tender provisions upon the actual value of the money to which they are attached. It has sometimes been thought that the economic effects were of chief importance; but this view is, in my judgment, a mistaken one.

For the sake of clearness, the case of the establishment of a single metallic standard, as the basis of a monetary system, may be first considered. Later, the questions involved in the effects of legal tender power upon more than one legal means of payment may be more easily discussed. The establishment of a metallic standard, by a country which had none before, would create a certain new demand for that metal, according to the actual use of it in the different functions performed by money. Hence this new demand must appear for such an amount of the metal as would serve either as: (1) a common denominator of value, or the standard of prices; or (2) as a medium of exchange; or (3), as a standard of deferred payments.

(1) As a standard of prices, the coined metal would usually be made a legal tender for debts.<sup>1</sup> This legal tender provision would probably create no new demand for the metal that would not otherwise have existed, if no legal tender power had been given to the coins. The demand for the quantity of that metal,—supposedly chosen as the standard of prices for the given country by legislation which necessarily reflects the general attitude of the commercial community,—needed for always maintaining the solvency of the various media of exchange in the standard coins, is determined not by legal tender enactments but by the business habits and monetary organization in that country. Ideally, if all men were trustworthy and all equally well known, goods would be exchanged against each other in terms of the standard metal

<sup>1</sup> "Originally, in all countries, I believe, a legal tender of payment could be made only in the coin of that metal which was considered as the standard or measure of value."—Adam Smith, *Wealth of Nations* (McC. Ed.), p. 17.

without a frequent and suspicious testing of the ability and solvency of the buyers; but, taking the world as we find it, there is a necessity for reserves to meet all cases of doubt and distrust. Just how much this amount will be depends upon the characteristic monetary methods of the business world in each country. Solely for use as a standard of prices, there would be as little need of much of the standard metal as there would be of many north stars by which to compute geographical position. The demand for the metal arises from those human conditions (limiting ideal situations) which require more or less of the standard-commodity to be used, not merely as a standard, but in the function of a medium of exchange. To establish a metallic standard, and make it a legal tender for debts, therefore, creates a demand for that metal mainly to the extent that it is actually used as a medium of exchange.

The demand, however,—whatever it may be, whether great or small—arises strictly from the use of the metal either as a standard, or as a medium of exchange. It would exist, in any civilized community, by the very adoption of the metal as the standard of prices by universal usage, and quite irrespective of any legal enactment as to its juridical function. The demand for the given amount of that metal for monetary purposes arose from the economic needs of buyers and sellers; the addition of a legal tender power was due to the fact that universal sanction had already been given to the choice of that standard. That is, the demand being already granted, the law made legal recognition of that which had previously been adopted by commercial usage; otherwise, a legal tender law would be as much a dead letter as trial by jury among a lawless, lynching body of savages. The reasons for the selection of a standard were admittedly independent of and antecedent to the addition of a legal tender clause. The article chosen as a standard had first its own value because it was of peculiar service to the community either as satisfying a practical need or gratifying some strong passion for ornament. It was the capacity of the commodity to satisfy a subjective desire of men that permitted value to be given it. It was for qualities such as these that any article had value, and was hence chosen (together with other accepted conditions) as a standard;

these were the reasons why every one was willing to accept this article as money when passed from hand to hand. It was not a legal tender enactment that gave the standard-article value;<sup>1</sup> the legal tender quality was added to it exactly because it already possessed the qualities which gave it undisputed value. And why? Because, in the legal enforcement of a just payment of debts, it must ever be the first aim of the legislator to exact that, and only that, kind of payment which would be so universally acceptable that the debt would be justly satisfied without a shadow of doubt. The metal chosen as the standard of prices should have such expenses of acquisition, such supply, such demand that its purchasing power over other articles should be unfailingly present at all times. Then the State can declare that such a commodity—and it alone—shall be a legal acquittal for disputed claims at law. The act of the legislature can order that a given number of grains of pure gold (or silver) shall be called by the name of a certain unit (e. g., a dollar, or a pound) and in terms of which contracts may be made, and in which the matured obligations shall be paid. Only in so far as the law shall thereby have added to the world's demand for gold, something which would not otherwise have existed, and only in that proportion, can the legal tender enactment have affected the value of that article already chosen as a standard; and it can affect its value only through the demand thus created.

(2) In case the metal adopted as a standard is also used as a medium of exchange, the addition of a legal tender quality to it in its latter function can have little effect on its value, which it would not otherwise have had. In fact, the amount of the standard-commodity which will also be used as a medium of exchange depends primarily on the commercial advancement and business habits of a given community. The mere adoption of a given metal as the standard carries with it, according to the monetary customs of the people, a greater or less use of that metal as a medium to be passed from hand to hand in actual

<sup>1</sup> Except so far as its acceptability for certain dues gave it more of a demand,—to be later discussed.

exchange of goods. This arises from the very nature of buying and selling among human beings of different grades of commercial development. If then, a legal tender quality be added to this metal, it will not, by the mere virtue of that enactment, cause any greater or less amount of it to be used as a medium of exchange; because that law cannot have changed the business habits of the people, nor the proportion which actual cash bears to the total amount of transactions. In short, the legal tender clause would not create any new demand for the standard-metal for use as a medium of exchange which would not have existed because of forces already in operation, had such an act not been passed. The tender has been devised for convenience and justice in legal adjudication, and not because it brings with it an economic power to affect the value of the money-articles; it adapts itself to, rather than it originates, the value already fixed by economic forces.

(3) Upon the value of a standard of deferred payments, it may naturally be supposed that a legal tender measure would have a large and influential effect. In regard to executory contracts, its function as a liquidator of debts would supposedly be the most active. Here, of all places, would be formed a demand for that kind of money, having the legal power of paying debts, which would greatly affect its value. The amount of existing indebtedness being admittedly so enormous, it would seem to be self-evident that the kind of money receivable for debts would be in exceptional demand, much of it would be needed, and by its legal tender quality its value would be greatly enhanced. Since, as is the practical habit of the business world, the metal which is adopted as the standard of prices is also, in fact, usually employed as the standard of deferred payments (for time contracts), it is to be supposed that, if the legal tender quality is attached to this metal, it will certainly have an important effect on its value.

How this effect is to be produced, is not explained; but clearly it can be supposed to operate only through a demand for the metal which will thereby change its world-value. In truth, how far does a legal tender enactment cause the money, to which it



is attached, to be actually used in the payment of time contracts, or even of those obligations which have gone into the courts for adjudication to secure enforced payment? Each claim collectible at law is expressed in terms of the legal tender standard coins; and the superficial inference is sometimes made that the debt not only must be, but in fact always is, paid in such money. Here, again, we run upon the old truth that the media of exchange actually in use is not necessarily the commodity chosen as the standard. Prices and contracts are expressed in gold, but it is by no means necessary, or even desirable, that the liquidation should be accomplished by the actual passage of gold between debtor and creditor. Invariably that means of payment will be acceptable to a creditor collecting a debt which would be satisfactory in any other payment, such as that used for the purchase of goods on the spot. And the creditor will invariably accept that means of payment which is in common use in the business community. If checks on bank accounts are in general use, a creditor collecting a debt by judgment of a court will accept in payment of a debt expressed in legal tender coins a check upon a responsible bank, duly certified. That is, in all payments, even of debts, the actual use of legal tender money is wholly determined by the business and monetary habits of the community. The existence of a legal tender requirement does not even necessitate the use in payments of the forms of money legally specified. If a judgment is declared in a court against a debtor, the court official is always satisfied to receive a certified check in payment of the claim. In short, the customs and habits of the business public determine how much of the standard metal shall be used as a media of exchange; and many acceptable media have been created which are used instead of the standard coins. The real service of the legal tender law is to secure to debtor and creditor, in cases of dispute, a judicial opinion, in terms of the legal tender money, as to the exact equivalent which ought to be paid; then, that equivalent value may be transferred in many other ways than by the actual coins. The existence of debtors and creditors, in vast numbers, and in vast transactions, does not in any way

modify the business habits in regard to money which prevail in all other pecuniary relations.<sup>1</sup>

One is led to the inevitable conclusion that a legal tender power, in and by itself, has very little influence on the value of a money which it would not otherwise possess for independent reasons. Law, in the form of legal tender requirements, can affect the value of a given metal only in so far as it can create a new demand for that commodity, due solely to legal tender uses, which would not otherwise have existed; and that new demand must be such in intensity and kind as to affect the total world's supply, and the international value, of the given metal. It must appear at once, if this be true, that the effect of a legal tender law in any one country on the value of a given money-metal will be far less than is generally supposed, since it can be no greater than the proportion of the new demand to the total world's supply. If, as in the case of gold, the existing stock in the world is very great, the effect of a legal tender law in any one country would be insignificant.

A distinguished financier,<sup>2</sup> who noted how little legal tender acts had affected the value of money, explained the facts on a statistical basis, as follows:

"The statistics of our census of 1890, which attempt to give the amount and period of the indebtedness of the country, when compared with the Clearing-House transactions of a single year, show that not more than four per cent. of the transactions of that year can consist of the liquidation of debts that antedate that year."

In this method of disclosing the very small proportion of past debts to current transactions (presumably cash), the purpose is to show that the needs of money for paying debts are much less than usually supposed; a truth which should be kept in mind. But deeper than this statistical evidence is the distinction between the standard coin and the medium of exchange. Granting that

<sup>1</sup> It is much to be doubted if debtors, as De Viti suggests, really coin money, when a certain metal is abundant and thus increase the money supply (*Moneta e Prezzi* (1885), chap. vii, 6). The operation of legal tender under two unlike standards is another question.

<sup>2</sup> Ex-Secretary Chas. S. Fairchild, *North American Review*, February, 1898.

debts, *per se*, form but a small proportion as compared with current transactions, that means only that debts, as compared with other transactions, create but a small demand for the conventional media of exchange used by the public; but a rise or fall in the quantity of the media of exchange may go on without perceptibly touching the value of the money-metal chosen as the standard of prices and contracts. Figures as to the quantity of the media of exchange have little to do with the data bearing on the value of the standard-metal; since the media of exchange may be other in kind and nature than the standard-metal. As said before, the legal tender power can affect the value of the standard-metal only by creating a new demand for it, which would not otherwise have existed.

Thus far, we have studied only the case of legal tender as applied to a single metallic system. We now pass to that of two or more unlike standards, each given the legal tender quality: either two unlike metallic standards, such as gold and silver; or two such standards as gold and convertible paper; or two such standards as gold and inconvertible paper.

If two metallic commodities be given equal legal tender power, and if the two metals cannot be maintained at the same relative values, the cheaper of the two will, by Gresham's law, be used in payment of obligations. In such a case, appeal might be made to the fact that debts form but a small sum as compared with current transactions; and that very little chance would be given for the use of a cheaper metal. This requires us to make evident the character of current transactions in the wholesale market. They are mostly time-contracts, although the time is usually very short, varying from call loans and demand obligations (such as deposits) to short loans for thirty, sixty or ninety days. Most purchases by retail merchants, payments for materials, coal, provisions, etc., also fall into this class. The whole business world is always creating short-time obligations, to which legal tender laws apply. Hence, if two kinds of money are given equal power to meet current obligations, and one is cheaper than the other, the legal tender enactment has here a clear and unmistak-

able influence. Although it cannot give value, although in and for itself it cannot create much, if any, demand, the very serious fact must be recognized that the legal tender power can determine the direction in which the demand (arising from independent causes) will go; it can transfer the necessary monetary demand of a community from one kind of money to another. This is the influence so often noted, and which is (wrongly) attributed to the legal tender power *per se*. When a government has a unit of payment (e. g., a dollar, or a pound) expressed in certain weights of two different metals, such as gold and silver, then if both metallic coins are received by law on equal terms for all debts "public and private," a change in their market value brings about a situation exactly the same as if the state had enacted a change of standard for prices and contracts from the dearer to the cheaper metal. The laws of any one country can transfer, to a greater or less extent, an existing and normal demand for one metal, in its various monetary functions, to another cheaper metal, and to that extent it can lower the value of the dearer and raise the value of the cheaper metal—but, in both cases, only in the proportion of that demand to the total world's supply. The natural and unaided influence of legal tender acts in such a case is degenerating; they drive out the dearer and retain the cheaper money. If no legal tender laws existed, as in international trade, the very opposite would take place; the good money would drive out the bad.

If not only the gold chosen as a standard, but also the various note-issues convertible into gold, be given the legal tender quality, various consequences may result. In the first place, the immediate convertibility of the notes will ensure their parity in gold; and the legal tender quality, so far as bolstering up their value goes, is superfluous. It may be a convenience from a legal point of view to give convertible media of exchange legal tender power, but it is clear beyond peradventure that from a monetary point of view the legal tender quality has no influence whatever, provided redemption is constant and immediate. In short, the case of gold and media of exchange convertible on demand into gold is the same as if there were but one legal tender standard of prices.



But in passing to a case of gold and an inconvertible paper, each possessing an equal power per unit of account in paying debts, the results are striking. It is out of such a situation that the popular belief has arisen that a legal tender enactment can give value to a thing (sometimes) worthless in itself. As in the case of two unlike metallic standards, the legal tender measure can transfer the money-demand from the metallic to the depreciated, or debased, paper-money. Gresham's law operates to bring into use the cheaper paper just the same as it did a cheaper coinage, and for the same reasons. Almost all the popular impressions as to the effect of legal tender acts on the value of money are to be found under this case. Within a country can a statute give to money circulating within its borders a value which it could not have outside its territory? Evidently, it could; but not for reasons wholly connected with the legal tender quality. The depreciated paper, if it has any value at all, owes that to the prospect, be it dim or bright, of ultimate redemption in coin. But, if a quasi-system of redemption for such paper be established, by giving it a legal tender power for payments which would otherwise require gold, a partial although uncertain value is given to it. It may be made receivable for certain taxes, customs, etc. Such regulations, however, are not conclusive as to its value; and they alone do not keep the paper at a parity with gold. That can only be done by a provision for immediate (not merely ultimate) redemption in coin. The value, then, of a depreciated paper, or of a debased coin, within a country, depends upon the laws and regulations affecting its possibilities of redemption in coin, or upon the uses to which it can be put alongside with such coin (which constitute a quasi-redemption).

Yet even such statutes are often ineffective in the face of the normal demands of a commercial organism. In the long run, business men cannot, and do not, expect to make use of legal technicalities to escape the full burden of just debts. Among men in settled industrial districts with important connections, expecting to go on buying and selling continually, each party to a transaction will find it to his own self-interest to give as well as to get a full and exact equivalent for what was passed in trade. It will not be good business policy for established

houses to cheat, or circumvent, their creditors, even if it were legally possible to do so by the existing laws of tender. If they pleaded the technical provisions of the law to escape the full force of a contract, evidently they could never obtain credit from the same source again. Continuous trade demands the strictest honor in keeping agreements; for few merchants can now do business without making more or less use of credit. In exceptional cases, where an adventurer is ready to cheat and then depart, advantage may be taken of tender laws to work an injustice. In the long run, however, the statute must conform to the requirements of business integrity, or it becomes a dead letter. Very often, legal tender laws may come to have no more binding force in practice than usury laws.

In trying to analyze the forces affecting the value of money, and in separating the real from the unreal, it has been found that legal tender enactments had little influence in and by themselves. In domestic trade, it may have been difficult to conceive of the conditions in which the effect of local statutes on legal tender may be separated from elemental and deeper causes; but fortunately for our purpose we have an admirable experiment carried on in international trade, in which, of course, the legal tender laws of individual countries have no force.

It is seen at once that a money-metal (e. g., gold) having a world-value is used quite independently of any law of tender: nor is business carried on any the less efficiently for that. American gold coin cannot be forced upon an Englishman in payment of debts; nor English sovereigns on an American. The actual quantity of pure gold in either kind of coins forms a perfectly secure standard for expressing international prices, and provides a safe basis for reckoning accounts and paying balances. It adds practically nothing<sup>1</sup> to the legal efficiency of gold in international payments (apart from the saving of assaying, etc.) that it bears the stamp of the kingdom or the republic; what gives

<sup>1</sup> An apparent exception to the general rule exists when, in times of pressure, the coins of any one country may bear a very slight premium in the other country for exportation home. The home coins save the short *délay* at the mint which is caused if other gold is imported which must go through the coinage process.

it currency are the basic causes which the world over make gold of value. International payments are made in a commodity whose value is dependent wholly on world conditions affecting itself, and not on any extraneous powers of local enactments.

In this branch of trade, moreover, the standard in which prices are expressed is itself seldom used as a medium of exchange. The latter, between foreign dealers, appears in the form of bills of exchange, doing in this field what, in domestic transactions, is accomplished by the deposit-currency. And, if one country possesses a silver standard and deals with a gold-using people, there is no need of the binding operation of legal tender laws; since the weight of metal in the coins of one is estimated, not at any fictitious legal ratio, but at the existing market value of the metal in the coins of the other country. Here purely artificial schemes are swept away, and the normal use of money appears untrammelled by law.

In international trade, by normal and healthy action, the cheaper money is expelled, and the dearer and more stable money is retained. The absence of legal tender law produces a wholesome condition. It is only within the realm of domestic trade, where legal tender laws are operative, that the poorer money is allowed to drive out the better.

The fact that futile and mischievous attempts have been made to give debased coins and even depreciated paper a value which they did not possess by arbitrary legal tender laws, may have naturally produced a prejudice against most legal tender provisions. And yet, while it clearly has no desirable function as a monetary force, it must be admitted that it is essential to the legal interpretation of time-contracts.

To what forms of money should it be attached? Clearly enough, at least, to the standard-metal, in terms of which prices and contracts are expressed and drawn. Beyond this, on grounds of monetary policy, it would not be necessary to go. Also, it is clear that it should not be given to two metals at one and the same time; because it will only produce an alternating standard at the best, and the theory that two metals are needed in order to secure an abundance of money is a part of the incorrect

quantity-theory. Should it be given to media of exchange, such as convertible paper-money and bank-notes? There is no monetary reason why it should. If immediately convertible, the legal tender quality will have no effect on its value. It is possible that safety and the convenience of the business public, in times of emergency and panic, would be furthered by the ability to use such convertible media of exchange as legal means of payment. If any abuse arose in regard to this kind of money, it would be found, without question, in the inadequacy of the measures to secure immediate redemption in coin rather than in the existence of the legal tender quality. But let the redemption fail, then there would be disclosed all the innate monetary depravity of a depreciated money arising from its possessing a legal position. It is a balance as between two evils, with good to be gained in one case, only if wisdom prevails. If such media of exchange can be kept irrevocably and immediately convertible into the standard-coin, then their legal tender quality may be of service in those times when all goods and securities are being thrown on the market, and when a means of payment for maturing obligations is the *sine qua non*.

And, yet, if we grant the desirability of giving legal tender power to media of exchange such as government paper and bank-notes, why not to the deposit-currency? It is a medium of exchange far more effective in actual fact than any other; it expands when most needed, and contracts when not needed; it is based on transactions in goods and it is as safe as the general business and the value of the country's goods. Naturally enough, this medium of exchange has never been thought of as needing a legal tender power with which to do its work; it has grown to vast and phenomenal proportions, far out of proportion to any other, without any legal aid. In times of panic, it is the means of payment which, in fact, is satisfactory to all those having dealings with the bank which grants it. When legal tender money is unobtainable, this is the means of payment which in fact everyone relies upon; but, very evidently, not because of any legal power it has. It is wanted, because it is acceptable to creditors,—and the question of its safety and value is based on quite other things than legal force. If then, the deposit-cur-



rency is the medium of exchange which, without having had any legal tender power, has developed as no other, and which has become the necessary reliance of the business world in times of panic, why should any other media of exchange be granted a legal quality? The argument against such action is very strong. If government-paper and bank-issues are never made a legal tender, then no reliance for maintaining their value is likely to be put upon the useless support of legal tender power; and every effort will be concentrated on providing reserves for their immediate redemption in coin. If so, their value will be assured at all times, and then they will be as universally acceptable, even in times of panic, as the coin into which they are convertible. There would, then, seem to be no monetary reason for giving them a legal tender power.

The historical study of experiments in which debased coins and depreciated paper-money have been given a legal tender power with intent to create a value they could not, for other reasons, possess, shows universal failure. This, however, is not the place for a detailed presentation of these cases. It must now suffice to recall here one or two illustrative experiences which are illuminated by the use of the foregoing principles.

The history<sup>1</sup> of the United States Notes ("green-backs") in the period of inconvertibility (1862-1879) is full of interest in regard to the effect of a full legal tender power on the value of depreciated paper. Without entering into details, the principal facts stand out too plain to suggest any possible cavil: from the start, these notes possessed the legal tender quality; and yet they depreciated by June, 1864 to 35 cents on the dollar. Violent fluctuations in their value took place; and after the close of the war, when redemption in coin became a future possibility, they gained in value. Finally when, after 1875, provisions were carried out for the collection of specie sufficient to insure immediate redemption, the notes rose to par at the end of 1878. It may be said, without fear of contradiction, that the legal tender quality never produced any visible effect on the value of the paper. The

<sup>1</sup>For a fairly full account of this period, see Report of the Monetary Commission, 1898, pp. 398-444.

reasons for this are not far to seek. Its depreciation caused the legal tender paper to drive coin out of circulation; and the value of the paper lay at the mercy of any fiscal or military event which threw light on the success of the war for the Union and the future ability of the government to meet its obligations in specie. The paper was not only a standard of prices, and a medium of exchange, but also a standard of deferred payments.<sup>1</sup> The legal tender quality, in none of these functions, protected it from depreciation. That is, the mere fact of its being a means of paying debts did not create any such special demand for it that it gained a value independent of that connected with the possibilities of redemption.

In California, where the use of the gold had become customary, the notes were excluded by the Specific Contract Act upheld by the force of a public opinion which regarded the attempt to escape from a just debt contracted in gold, by taking advantage of the legal tender quality in the depreciated paper, as an act of grave dishonor. That is, if men were to continue permanently in business, debtors must pay that which is a just acceptance by creditors.

Again, in 1893, a money and banking panic overtook the United States due to the fear that the then existing acts of Congress would bring in the silver standard. Foreigners sent our securities home to be sold, and American investors disposed of their holdings, to obtain gold if possible before the coming of silver payments. The mere fear of a silver standard caused a rush of liquidation. And yet, it is to be remembered that the silver dollars were an unlimited legal tender. Still no experienced investor for a moment really believed that this legal quality would give the silver coins a value independent of that which basic forces (affecting silver itself) gave to them. The transfer of a demand for gold entirely to silver, which the legal tender clause would accomplish for this country alone, would have an effect on silver only in so far as it changed the world's value of silver, and in the proportion of that new demand to the total stock in existence.

<sup>1</sup> The paper, however, was not receivable for customs-duties, nor payable for interest on the public debt.

Other illustrations, in great number, must suggest themselves to the interested reader which might be examined in regard to the actual effect of legal tender powers in maintaining a value in a debased coinage, or a depreciated paper. But it would be difficult to conclude from any existing data that a legal tender enactment has ever given to any money a value which it would not have had independently of such laws.

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## THE COLONIAL POLICY OF THE GERMANS.<sup>1</sup>

### I.

THE responsible directors of Germany's early colonial policy labored under no illusion regarding the grave difficulties of the task set before them. Their view of the colonies was anything but sanguine; they were oppressed, rather, by a sense of responsibility for the outcome of an extremely hazardous series of undertakings, initiated under unfavorable conditions, in an unknown field. When the wave of national excitement had subsided, counsels of caution were heard, even from the mouths of erstwhile agitators.<sup>2</sup> Problems that went unheeded in the ardor of conquest now reappeared and demanded a practical solution, in cold blood; it was only the least rational of the *Kolonialmenschen* who refused to profit by the study of other nations' experiences, and who clamored for the development of a distinctly "German policy."<sup>3</sup>

It is not always easy to specify exactly what a party means when it calls for a genuinely "national" policy. There is an element of symbolism about the term which baffles definition. In the present case—one not without its parallels—a national policy was invoked as a convenient short-cut to avoid all the uninteresting and unpleasant exigencies which had marked the history of antecedent colonial undertakings. The fundamental assumption of those who clamor for a national policy is that the experience of the past counts for little or nothing; national vanity and unreflecting patriotism foster the belief that a royal road lies open to the genius of the particular people in question. The

<sup>1</sup>The present article is a continuation of "The Beginnings of German Colonization" (YALE REVIEW, May, 1901), in which full titles of many books and articles here referred to are given.

<sup>2</sup>F. Fabri, *Fünf Jahre*, etc., 13; 28; 144. Some of the larger Hamburg and Bremen firms looked on colonization with coolness or distrust. *Id.*, 18.

<sup>3</sup>The "colonial party's" official organ in Africa declared that, "Germany had nothing to learn from England or any other colonizing nation, having a method of handling social problems peculiar to the German spirit." Perry, *Traditions*, etc. But cf. F. Fabri, *Fünf Jahre*, 28.



irrationality involved in such a view, is, of course, a necessary attendant upon popular sentiment unbridled by intelligence or judgment.

As a matter of fact the policy really developed was, in several important respects, a genuinely German one. Who but the Germans, for example, have approached the colonial question from the "learned" standpoint, discarding with decision, on the one hand, the empirical, and on the other the "metaphysical" methods of their seniors in the art? This learned attitude may seem amusing—it has furnished much material for the facetious, even in Germany, and, at first sight, it does provoke a smile to find the *Dr. phil.* and the *Dr. juris* so generously represented in the humbler categories of the colonial service—but it is none the less an attitude marked by individuality and without its parallel in the history of incipient colonial activity. Perhaps with the Germans such an attitude was logically to be expected, though the historian could doubtless evoke many striking instances of a people scorning its national traditions and superior advantages, and electing rather to revive obsolete and exploded fallacies and flounder about in the vaguest indecision. To assert that the Germans have tried at the outset to profit by the study of the records of the past, and by the enlistment of the services of the best contemporary science, is not to extend them unqualified approval; but because they have attempted with a fair degree of consistency, to use against their new environment the knowledge and experience accumulated by man's centuries of struggle with adverse nature, the history of their colonial activity possesses a certain added interest. The student of social science feels this interest, perhaps, with especial force; he is always looking for a social experiment from which the tiresome and reiterated errors of the past shall have been eliminated, and where the distrusted conclusions of political and economic science can be fairly confronted with cold fact. In any case, whatever else may be said of the Germans, they cannot be accused of holding their own inexperience as a matter of slight moment, to be put aside with a wave of the hand.<sup>1</sup> There seems to have been considerable candid self-searching at the bottom; then an honest

<sup>1</sup> Meinecke, 104; cf. (Bastian), 59 ff.

effort to offset serious disadvantages of many kinds by calling into requisition the most modern and approved of methods and expedients. One cannot fail to detect the hand of Bismarck in the development of this rational and practical side of the early colonial policy.

Germany was, of course, surpassingly fitted for scientific colonization—absolutely and relatively better equipped than any other country has been. The reputation of her historians, explorers and professional men of science, who have accumulated and imparted knowledge *ex cathedra*, needs no remark; more significant still as witness of the nation's intellectual life and vigor are the treatises of her army officers, missionaries and colonial administrators, written under the stress of strenuous lives of action, and yet ranking among the very best contributions to science, in their keenness of observation and soundness of conclusion.<sup>1</sup> Such studies in commercial geography, physiography, geology, meteorology, tropical hygiene and ethnography, have added much to the sum of human knowledge, and cannot but contribute to the future efficiency of German colonial methods.

Unfortunately, experiments in the field of the social sciences cannot proceed by isolation of factors. Demonstration of cause and effect in a complicated social problem is all but impossible, and the captious logician can always come forward with his "multiplicity of causes" or his "inconsistency of effects." Thus might it be in the case in hand: one might be censured for exaggeration of the intellectual element in German colonial policy, in view of the present-day, often unedifying picture of the German colonies. It is none the less true that Germany has stood for scientific method in colonization, and it is only a pity that she has stood, at the same time, for other things which have tended to neutralize and obscure her successes and to cast ridicule upon the social sciences and their conclusions.

The most unfortunate factor in the German attitude toward

<sup>1</sup> For example; Pfeil, Boshart, Wissmann, Krieger, Hagen, Schmidt, Klose, von François, Büttner, and many others mentioned in Giesebrecht's compilation (*Die Behandlung der Eingeborenen*, etc. Berlin, 1897). The high scientific value of officers' reports is well recognized (Schmidt, i, 282). On Germany's readiness to adopt modern scientific methods see also *Athenaeum*, No. 3812 (Nov. 17, 1900).

the colonial question has been as characteristic as the most enlightened element—if the Germans are great scientists, they are likewise confirmed militarists and bureaucrats. Owing their national existence to rigid discipline and vigorous use of the “mailed fist,” they are disposed to believe in the universal effectiveness of inflexible system and peremptory action. Education, military and other, strengthens this conviction. But, though not without their place in the management of dependencies, inflexibility and governmental rigor are about as ill adapted to young and chaotic societies as the frontier system would be to the Prussian state. The vital error in the German policy has been the attempt to carry over to the colonies the complex military and administrative system of the home-land. Here it was that the rational régime broke down; such a proceeding was unscientific to the last degree, and its vicious effects have cast discredit liberally upon the solid worth of other parts of the German system.<sup>1</sup>

When the colonies had been officially annexed to the Empire, Bismarck, always a close student of effective methods, desired to give them an organization modelled on that of the British crown colony, directly responsible to the Chancellor. This seemed to him the most thoroughly tested and successful system when one had to deal with colonies such as those of the Germans. It was evident, however, that such a system must entail upon the imperial government a responsibility for the colonies that it could not well disavow, and under which there might well arise calls for armed interference and financial support, together with other costly and unpleasant contingencies. These considerations alienated the support of the already half-hostile Reichstag, and, except for Togo and Kamerun, where German interests were more substantial and promising, such a form of organization was decisively rejected. This amounted to a refusal of the representative branch of government to ratify actions to which the executive branch was committed.

The position was awkward, but it was promptly relieved by the support of the Colonial Societies. The expedient of the

<sup>1</sup> Jannasch (368 ff.) comments at length on the Germans' lack of education for colonization, and especially attacks the system of government through the agency of jurists and other specialists of narrow horizons.

monopolistic trading company<sup>1</sup> was invoked from a dishonorable oblivion, and again set upon a characteristic career of incompetence and final dissolution. Companies undertook the management of all the possessions except Togo and Kamerun, under charters which granted them, in general, exclusive rights of rule under the general supervision of the Empire, exclusive rights of trade, of the occupation and development of new land, etc. Thus the German state was initially saved the expense of administration and the colonies were still held virtually beneath the German flag.

Before entering upon the history of the German companies, it should be stated that these chartered monopolies of the nineteenth century, though strikingly similar to those of the seventeenth, were destined to subserve purposes considerably different. The same political and economical causes which created the companies of the earlier century have been effective in their recent development: the modern companies have been confined regularly to countries of a rudimentary development, inhabited by peoples of a low economic and political organization. The privileges granted under modern charters have been, in many particulars, strikingly similar to those vouchsafed by the older documents.<sup>2</sup> In the course of time, however, general economic and political conditions have been so modified as to sap the independence of such an organization, with the result that the modern monopolistic society is but a shadow of its former self. Belonging in its prime to an age of small, segregated and relatively feeble political unities, it is quite out of its element amidst present-day movements toward commercial and political world-dominion. Its independent political functions have been lopped away and its commercial powers are not adequate to the tasks and stress of contemporary life. Its monopoly, that is, its reputed source of grain and power, is no longer possible.<sup>3</sup> The

<sup>1</sup> *Deutschlands Kolonien*, door Serklaes van Dene, in *Indische Gids*, 1888, i, 134-142; Blum, 41; F. Fabri, 7; 119; Hermann, 31; Meinecke, 5-8.

<sup>2</sup> Leroy-Beaulieu, *De la Colonisation chez les Peuples Modernes*, 4th edit., Paris, 1898.

<sup>3</sup> Geffcken, *Germans as Emigrants and Colonists*.



East and West India companies of the Dutch and English<sup>1</sup> were founded, in the neighborhood of 1600, for the purpose of securing mutual protection of ships and cargoes and to prevent ruinous competition between buyers in the Indies. They were, to a great extent, militant bodies, providing for themselves by force of arms, in distant seas, a security of trade which their countries of origin could not afford. They soon came to exercise the tyranny of independent political powers, and could not well be brought to account, not only because of their actual strength, but also because of the crudeness of contemporary means of communication. Their object was actual, mercantile gain, for which end no means were too violent or underhanded.

The trading companies of our own day, well represented by the German examples, are subordinate organizations for a political purpose rather than essentially independent organizations for purely commercial ends. The actual powers which they are able to wield are not sufficient to afford them more than a relatively ephemeral independence. Extension of the market and its protection, the development of commercial usages and norms, the suppression of war, the "reach" of communication with its attendant diffusion of information, an extended power of home-control, rendered the more redoubtable by the development of swift national navies, ready to enforce with speed the provisions of a government which is, as it were, on the spot—all these factors conspire to render a company little more than the servitor of the political power of the metropolis. As a servitor, however, its functions are most significant, in these days; as Leroy-Beaulieu says,<sup>2</sup> the modern companies should not be judged merely from the standpoint of commerce and finance. They offer unrivalled opportunities as a means of entrance and occupation of new lands; they afford an agency which is simple and elastic, which does much with little, and which works in silence without having its doings undesirably advertised in parlia-

<sup>1</sup> Roscher, 252 ff.; Leroy-Beaulieu, 801 ff.; Van Rees, *Staathuishoudkunde*, Utrecht, 1868, vol. II; De Louter, *Staats- en Administratief Recht van Nederlandsch-Indië*, 's Gravenhage, 1895, 54 ff.; Bonnassieux, *Les grandes Compagnies de Commerce*, Paris, 1892, *passim*; Egerton, *A Short History of British Colonial Policy*, London, 1897, 20 ff.

<sup>2</sup> Pp. 804 ff.

mentary discussion. Not only that; the company forms a screen behind which the government can pursue its purposes of annexation until it sees fit to assume in actuality the power which it has merely delegated until the time is ripe. In the development of a new country such an expedient is most salutary for the preservation of the world's peace. Disavowals in consequence of rash or over-zealous action are thereby rendered plausible; the company is the pioneer and represents the not unfortunate scapegoat of international differences, whose existence is but for a time and whose wounds are easily healed, however loudly and bitterly it sees fit to bemoan its lot before the world.

The German companies perfectly exemplify this general type—although their existence has been arrested considerably short of the average term of twenty-five to fifty years allotted by the French economist.<sup>1</sup> All but one of the German companies, and that a comparatively insignificant one, have surrendered their political functions into the imperial hands and remain in a more or less private capacity in their respective regions.<sup>2</sup>

This history of the various companies in their dual capacity shows some variation of detail, but presents, on the whole, a consistent picture of incompetence and failure. They were constructed after British and Dutch models, without, however, adequate account having been taken of the different environment in which it was their lot to be cast. Where they would accept them, the companies were granted the essential rights, and allowed to exercise the typical functions, of a state, under a slight imperial supervision. These included the levying of taxes and tolls, the coining of money, the erection of banks of issue, the maintenance of a police force, the administration of justice, exclusive rights in the occupation of unoccupied land and in the closing of treaties and agreements with natives, certain mining rights, railroad concessions, and so on.<sup>3</sup> In short, the rights assured to the companies answered to the necessity to which they owed

<sup>1</sup> Leroy-Beaulieu, 310.

<sup>2</sup> Von Stengel, 41-42.

<sup>3</sup> Von Stengel, 42; Schmidt, i, 16; ii, 300-301; Hermann, 33, 51; Meinecke, 8. The legal status of the companies is concisely treated by von Stengel; see also *Der Deutsche Export*, 50-51.

their existence—they obtained all the privileges necessary to private societies whose main *raison d'être* was to relieve the home government from expense on account of the protectorates until such time as necessity or reconsideration should bring the people as represented by the Reichstag to a more tractable frame of mind.

The administration of the colonies under the companies was vested nominally in a *Landeshauptmann*, who was assisted by the supervisors of the various districts into which the protectorates were divided.<sup>1</sup> In reality, however, this functionary had very little freedom of action. He was both too near to and too distant from the "green baize"—too near because his measures were ever subject to revocation by cable, too distant in that detailed orders from Berlin were, for the most part, antedated ere their arrival. The directors at home were ever ready to take a hand in the settlement of local colonial questions, and too often their interference and recommendation took the shape of poorly informed but confident meddling, productive of endless confusion and contradiction. This was flagrantly the case in New Guinea, the most distant and least known of the protectorates. Blum<sup>2</sup> says that not one of the directors or council of the New Guinea Company ever saw the island; that Hansemann, the chief director, was a type of the modern monied aristocrat, who resented advice from anyone. To his self-sufficiency the fiasco in New Guinea is chiefly to be charged. One administrator succeeded another in rapid succession, each new arrival being of a different calling and having different interests. Change of system went with change of personnel.<sup>3</sup> No sound governmental system of any kind was introduced, no agreements were made with

<sup>1</sup> Von Stengel, 68; Schmidt, ii, 394 ff.; Fitzner, *Deutsches Kolonial-Handbuch*, 2d edit., Berlin, 1901, vol. i, p. 265, etc. This manual gives full and minute details of the colonies and their stations (including telegraph lines, railroads, postal facilities, etc.); it also includes a catalogue of the personnel of the service.

<sup>2</sup> Pp. 41 ff.; 60.

<sup>3</sup> Id., p. 43. Here is given a catalogue of changes in personnel and system. A quotation from Schmiele on this subject is particularly noteworthy. Several stories illustrating the pitiful weakness of the judiciary follow. For further details of the Company's management, see Krieger, *Neu-Guinea*, Berlin, 1899, 231 ff.; Schmidt, ii, 399.

the natives, no dignity was lent to the administration of justice. Occasionally an administrator of rare personal force managed to triumph in part over his difficulties, but this was the exception.<sup>1</sup>

Boshart tells a like story of the company for Southwest Africa. He says that the colonial societies, though they number among their members some of the greatest capitalists of the empire, get scarcely enough funds together to maintain a dozen poorly paid and, for the most part, useless officials. The funds go for the local "plant" in Berlin, for clerk-hire, and for occasional festivities; no money is applied to actual colonial purposes.<sup>2</sup>

In any land, the evils of such a system of government are apparent on its face; they are the more disastrous in a young and undeveloped colony. In a new country there constantly arise administrative contingencies which cannot be foreseen, risks which cannot be systematized or distributed; conditions demand fertility of resource and promptness of action, and success has often been proved to vary with the strength of these qualities. The experience of all successful colonizers seems to point to the system of local direction and responsibility as the most practicable in a field where, in any case, action must be largely empiric. If, for its welfare, adult trade demands security and a maintenance of the *status quo*, and suffers severely from the entrance of caprice and irregularity, certainly the beginnings of commerce ought to be assured against such disturbing factors.

<sup>1</sup> Blum (121 ff.) describes the truly heroic attempts of von Hagen to accomplish anything under this system. He says there was a tendency to refer all, even the smallest questions, to Berlin. The system of accounting was most lax and constant conflicts arose from the commercial and political powers being lodged in one hand; when the function of governing had been given up by the company, a wholesome trade set in. Blum calls the activity of the New Guinea Company, "Tappen und Tasten ohne Sinn und deshalb ohne Gewinn" (146). F. Fabri (24) says, the policy has been "von Fall zu Fall"—a system well enough in European diplomatic entanglements, but utterly out of place in a new country where the "Fälle" are different in kind and should not be allowed to exist. Dr. Hahl, in the Bismarck Archipelago, managed to initiate a better system. The German administration in these parts had a living reproof ever before it in the admirable system of Sir W. MacGregor, in British New Guinea (Blum, 54).

<sup>2</sup> Pp. 159; 177. Boshart was an officer sent by the Company in 1887 to investigate the political and commercial possibilities of S. W. Africa and vicinity. It is to be noted that the S. W. Africa Co. refused the *Hoheitsrechte*. Complaints of parsimony are made also by Engler (112).



In still another way did the insecurity and instability of the companies' administration make themselves felt in the German colonies—they complicated the native situation. To this question further attention will be subsequently given; it is one of the most vital issues, if not the most important and menacing, in the history of the German colonies.

It would appear, then, in the matter of government, that the companies furnished a system scarcely worthy of the name. They benefited commerce to a very slight degree only, and devoted themselves chiefly to the occupation, such as it was, and ruthless exploitation of the lands and their native products. Starting out with great plans and well equipped scientific staffs,<sup>1</sup> they later found themselves embarrassed for funds and forced to reduce their scale of operations. Never having really grappled with the essential issues in the development of trade with the tropics, the financial strain grew upon them along with the political, until it was greater than they could bear. Then they were severally forced to request the imperial government to take over the administrative function—earlier, perhaps, than had originally been contemplated or desired.

Inefficiency of administration, therefore, and of commercial methods and measures, acted and reacted upon one another, creating a vicious and disastrous round, and almost precluding the possibility of advance. The fact was demonstrated anew that there exists an essential contradiction and incompatibility between the governing and the trading functions, whether or not these are united in the same individual or society.<sup>2</sup> In trading one reckons for the proximate gain, for advantage realizable certainly within the life-time of the operator; the function of governing, on the contrary, is the more perfect and dignified, according as it discounts present conditions and labors for that distant future good which, through disinterested statesmanship, it foresees. It may endure immediate losses and sacrifices—it can do that because of its longevity and extended credit—but the individual or company can follow only afar off and to the extent of its narrower means and limited credit.

<sup>1</sup> Keltie, 300; Schmidt, i, 135 ff.; ii, 322.

<sup>2</sup> Cf. F. Fabri, 7; 18 ff.; 120.

This contradiction was scarcely perceptible in the seventeenth century prototypes of the nineteenth century chartered companies, because, properly speaking, administration in the colonies was at that time a mere adjunct to trade exploitation. The later developing ideas of colonial government which clothe it with responsibility for peace, humanity and civilization, and make it thereby the regulator of trade, were yet to come. In the German colonies there was no longer any opportunity to occupy rich land, dig treasure, or maintain a spice monopoly; in a difficult country, under adverse conditions, the initial labors preparatory to occupancy must have, in a large measure, preceded the advance of trade. The companies could not open up the land for themselves, and establish security, order and law. Again it was demonstrated that a colonial policy could not be built on trade relations, nor a stable government on mercantile principles.

It has already been noted that the colonies of Togo and Kamerun passed directly under the imperial power, and were organized after the general type of the British crown colony.<sup>1</sup> The actually existing German interests in these colonies were substantial enough to effect this result; indeed the well-known "Kamerun" was popularly all but synonymous with "colony" in early German colonial times.<sup>2</sup> The entrance of the imperial power into Southwest Africa was an unwilling one; although originally a company had been formed to carry forward the projects of Lüderitz, it promptly declared itself unwilling to assume the *Hoheitsrechte*—forcing, by such action, an occupation at imperial expense, at least in part, and under imperial officials.<sup>3</sup> East Africa next passed under the imperial power (1891); an insurrection which broke out in 1888 had proved too much for the East Africa Company's resources, and, indeed, kept an able imperial commissioner's hands full for several years.<sup>4</sup> New Guinea presents a more checkered history. Owing to financial embarrassment, the company, in 1889, asked the Chancellor to

<sup>1</sup> F. Fabri, 7; 23 ff.; Keltie, 305; Geffcken, *Germans as Emigrants*, etc.

<sup>2</sup> "Der Volksmund kennt vor allem nur Kamerun, der gewissermassen alle unsere Schutzgebiete repräsentiert." Engler, 157.

<sup>3</sup> F. Fabri, 23. Hamburg and Bremen firms were not at all sanguine as to the chartered company scheme. Schmidt, ii, 265; Geffcken, l. c.

<sup>4</sup> F. Fabri, 23, 36 ff.; Schmidt, i, 1 ff.; Andler, 273.

take over the government. This was done; but by 1892 it was found that double expense for officials was being incurred under the existing system, and the imperial government withdrew. In 1899, however, the company was again in a most wretched state of financial embarrassment and economic collapse, and the imperial rule was again requested and established.<sup>1</sup> The remaining society, the small Jaluit Company of the Marshall Islands, has naturally better fulfilled its mission than any of the others—if retention and control of its territory be considered its mission—it has paid all regular expenses of government and has enjoyed a fair measure of reputation and prosperity.<sup>2</sup>

It may be said, then, of the German companies, that they were really makeshifts pending the readiness of the government to take control. Their origin in the colonial societies should of itself indicate this. As makeshifts they have no doubt discharged important political functions and done their share towards neutralizing the dangerous friction caused by direct contact of sovereign states on alien territory. Their career and outcome, however, are witness to the fact that the era of the typical seventeenth century chartered company has passed away.

When the imperial government succeeded to the possessions of the various companies, colonial policy began to take on the definite outlines which it had already displayed in Togo and Kamerun. The new government found itself on its own ground where there was fighting to be done; the insurrection in East Africa, which had cost the local company its political existence, was reduced by a vigorous and relentless swinging of the sword. The martial spirit of discipline soon seized upon and pervaded the administrative system; where the Spaniards had worshipped the dogma of religion and the French had set up the ideal of "assimilation," the Germans invoked the panacea of strict order and inflexible discipline. It was natural and almost inevitable

<sup>1</sup> Müller, 38 ff.; Blum, introduction, p. v; Schmidt, ii, 40 ff.; 394. Of course the companies received some compensation for their surrender of rights, in this case four million marks and some share in deciding upon measures of rule under the Empire. Krieger, 231 ff.

<sup>2</sup> Von Stengel, 200; Meinecke, 8; Loeb, in *Essays in Colonial Finance* (Publ. Amer. Econ. Assn., 3d Series, vol. i, No. 3), 61.

that this should be so, but one sighs to think that this social experiment of a gifted people should have been crossed by another of those inexorable dogmas which time and again in history have neutralized and set at naught interesting social movements—processes which were seemingly sure to prove or refute through striking instances the practical value of science and rational method.

Over-government through a system of bureaucracy was about as bad for the colonies as the interference of the home societies had been, during the period of the chartered companies. If there is anything that is proved by the history of colonies, it is that they cannot flourish under an inelastic and stereotyped system. In the colonies the individual and the society stand once more in closer and more vital relation with their physical environment; a return to a less evolved system of government is found necessary, and the application of minute regulation is felt to be a detriment and an anachronism. The rough and ready methods of frontier government and justice have their place in the development of a new country, and if external power is able permanently to impose a much more highly refined system, it is the misfortune of the colony involved.<sup>1</sup> German writers are almost unanimous in condemning this bureaucracy and their remonstrances have borne some fruit. They have rebelled against the military caste-system, the imposition of petty regulations and fines, the direction of affairs from Berlin, the inexperience and self-confidence of the colonial functionaries and in general against the arbitrary conduct of a governing organization which did not know its ground.<sup>2</sup>

As usual, however, good is mixed with evil; the services of the imperial domination must not be overlooked. Under the

<sup>1</sup> Bismarck's views on the value of the bureaucratic system in the colonies were pronounced; he said in 1876 that no success was to be attained by transplanting the Prussian government assessors and bureaucratic system to Africa; that work at the green table was the last thing suitable to that sphere. *Conversations with Prince Bismarck* (Whitman) 242; cf. F. Fabri, 27; 100.

<sup>2</sup> For some details of German officialism and its workings, see Blum, 140 ff.; R. C. Witt, *An Experiment in Colonization*, Blackwood's, 163: 788; 77 *Globus*, 1900, p. 229; Pfeil, *Vorschläge*, 39 ff.; but cf. Keltie, 309.



strong arm, peace and security have been established, and the slave trade has been largely suppressed in its ancient strongholds by the power which holds the coasts. Expense in lives and in money has not been spared in the exploration of the *Hinterland* and in pushing forward the permanent outposts of civilization. Scientific investigation of the most valuable kind has been made coincidently with the advance of expeditions and of administrative stations.<sup>1</sup> The same conscientious and painstaking effort has been universally put forth. When the errors incident to inexperience shall have been recognized and eliminated—and the Germans, hampered by no false pride, seem to be adept at this process—it will be hard to find a people better equipped for the management of dependencies.<sup>2</sup>

Under the imperial rule, the *Schutzgebiete* "are substantially colonies in the same sense as the British Crown Colonies, forming an integral part of the empire as regards other states, although of course German laws are not applicable to them except by express enactment, and their natives are not German citizens."<sup>3</sup> The actual power of administration is vested in a governor (or commissioner) who is responsible primarily to the German Chancellor. Unfortunately he was at first responsible to other officials as well, inasmuch as a colonial office had not yet been differentiated.<sup>4</sup> This led to conflicts, and finally to a serious overburdening of the Foreign Office with colonial business. The Colonial Department of the Foreign Office was established April 1, 1890; the governor is responsible through this officer and the Chancellor, to the Emperor, in whom is vested the general function of rule in the colonies. The imperial Chancellor is empowered to summon a colonial council, consisting of experts in all departments of knowledge bearing on colonies, to advise with him in such questions as he desires. This council passes on the draft budget.<sup>5</sup> In the colony, the governor is assisted by subordinates in the different provinces or districts, is head

<sup>1</sup> This was particularly true of Kamerun, where the unexplored region of Africa is nearest the coast (Engler, 89). Cf. Keltie, 308.

<sup>2</sup> See Brunialti, *Colonie degli Italiani* (Torino, 1897), 171 ff.; F. Fabri, 29.

<sup>3</sup> Geffcken, *The Germans as Emigrants and Colonists*.

<sup>4</sup> Schmidt, i, 276 ff.; F. Fabri, 123.

<sup>5</sup> Von Stengel, 66; Loeb, 49.

of the military power, of the judiciary, etc. High centralization, therefore, prevails. The administration of justice follows one general plan in the protectorates: minor disputes of natives are left, as far as possible, to the native chiefs as arbiters, secondary courts try the remaining minor cases, and death sentences and appeals are the province of the governor, with or without council, as chief judge.<sup>1</sup>

The commercial position<sup>2</sup> of the colony with reference to the German government is that of most favored country. The colonies rank as *Zollausland*, and their exports are subject to the imposition of duties, both at the German ports and at the boundaries of the other colonies. Export duties are also collected, except in Togo and Kamerun. The tariff on imports is levied on a revenue basis, and seldom exceeds a low percentage ( $1\frac{1}{2}$ -20 per cent.). Many and important articles are placed on the free list at both ends.<sup>3</sup> Prohibitions affect only arms and ammunition, and spirituous liquors. It will be noted also that much of the German territory comes under the rulings of the Berlin conference,<sup>4</sup> by which the conventional basins of the Congo and Niger were opened to free navigation by the ships of all nations. Freedom of trade was established and only such duties were to be levied as would pay expenses incurred in the interests of trade, no differentials being allowed. These provisions are, of course, active in the Congo and Niger possessions of Germany.

The settlement of the new colonies has not proceeded apace. It is generally recognized that, with the exception of Southwest Africa, they are unfitted to receive any permanent European

<sup>1</sup> Details are given in Von Stengel's work; it is a standard treatise on legal relations in the colonies. See also, for less detailed treatment, Fitzner, *passim*; Loeb, 45 ff.; Schmidt, ii, 194; Meinecke, 14. Of late there has been a movement looking to the adoption of English and French systems of colonial government; the establishment of the local council and the independent colonial budget has been much discussed. *Annals Amer. Acad. Pol. and Soc. Sci.*, xix, no. 1 (Jan. 1902), p. 162.

<sup>2</sup> Von Stengel, 97 ff.

<sup>3</sup> Details in Fitzner, *passim*; *Der Deutsche Export*, 34 ff., 41 ff.; Loeb, 59 ff. The customs-dues of Togo were admittedly modelled upon those of the English Gold Coast colony. Klose, 547. Scientific apparatus, the property of the missions, etc., were regularly free.

<sup>4</sup> Keltie, 205 ff.

settlement; their lot is that of the trading or plantation colony, supporting a shifting population of European traders and planters, whose interest in the country can never be that of a people for its home. Southwest Africa, as far as climate is concerned, might allow of European settlement; but, as has been seen, the region is anything but inviting to the settler. In addition to this, the action of the company for Southwest Africa has interposed artificial obstacles of the most serious kind. Where it has not itself pursued the selfish policy of appropriation of the best lands, it has allowed speculators to gain possession; the price of land<sup>1</sup> is, in view of existing conditions, exceedingly high, and the purchaser can never be sure that his title is secure and that the land he has bought is not an arid sandhill. In addition to all this, the delays and expense incident to settlement are so great that immigration of the German peasant is out of the question. The expenses due to delays alone (in journeying by ox-wagon to Windhoek and there waiting on the convenience of the far from strenuous company-official) is estimated by a competent critic at \$100; the same writer asserts that a capital of over \$2,300 is indispensable, and that, even with this, and neglecting the never remote possibility of drought, "rinderpest" and bad years, the settler would still be in debt \$800 in the fifth year of his cattle-raising activity.<sup>2</sup> Agriculture on any respectable scale is

<sup>1</sup> The government price is 1 M. per ha. for the lands it has retained. The S. W. A. Co. charges about the same. Other companies ask a prohibitive price, as they are waiting for a rise. Prices are reckoned in lump-sums with no regard to the quality of the land, of which, indeed, the companies are oftentimes as ignorant as the settlers. The conditions of payment are very hard (10 per cent. down, two years free, then 10 per cent. a year). Hermann, who gives this information from personal experience, says, that considering the defective protection of the government, the arid quality of the land, etc., the price should be put down to 50 pf. per ha. to be paid up in fifty years. There are only two settlers near Windhoek who deserve the name, and, though economical and industrious, they find it hard or impossible to pay. Hermann, 5-11.

<sup>2</sup> Hermann, 2 ff.; 13 ff. This author, himself a settler in Southwest Africa, has several times come into collision with the company and its powerful manipulators in Berlin (see Giesebrecht, 121). He writes a very interesting and detailed account of the productive possibilities of S. W. Africa. Novelty proposed and partially adopted are ostrich-raising and the culture of the silk-worm (Hermann, 63-64).

debarred by physical conditions; in the neighborhood of Windhoek, where prices are extremely high, it is only with great painstaking that horticulture on the small scale can be made to pay. The fact of the matter is that the German emigrant avoids the German possessions because of the virtual extension thither of the national "system." Often this system is exactly the incubus which he is trying to throw off; why should he subject himself anew to military conscription and petty regulation when so many of his fellow countrymen are leading free and prosperous lives across the Atlantic? It is no doubt true that labor is deterred from entering Southwest Africa (the only German colony possible of settlement) because it is well known that the competing native of that colony will labor for merely food and drink—especially the latter; but at bottom, the attempted artificial direction of German emigration is ineffective against the innate desire of man to be his own master.<sup>1</sup>

According to the latest available statistics, the total white population of the German dependencies is not above 7,000; of these the greater part are officers, officials and traders. In Southwest Africa, the *Kolonial-Handbuch* claims 3,388 German and foreign settlers.<sup>2</sup> It should here be mentioned that the Germans have anticipated for some years and with a mixture of feelings, the influx of a large Boer population into the Southwest African colony. The Boers are hardy enough, and rich enough in cattle, to become a permanent and increasing element of the population; but the Germans dislike their character and have regularly

<sup>1</sup> Hermann, 1-2; cf. Sumner, *Protectionism* (N. Y., 1885), 79; Nation (N. Y.), 65: 471. Engler (98-99) distinguishes six classes of emigrants to the colonies: (1) merchants in the colonies and their supporters at home; (2) enterprising youths, tired of home, and on their travels; (3) former soldiers, who are weary of garrison life and impatient of slow promotion, and who want to fight; (4) young men through school, who covet rank and honors unattainable at home; (5) older men who want to be something at home and can not—who wish to speak or write; (6) merchants who want to get into political life.

<sup>2</sup> Fitzner 141. These estimates agree, except in the case of S. W. Africa, with those of the *Statesman's Year Book* (1901). The latter gives the number of Europeans in S. W. Africa as 1,840 (1,557 Germans), which seems a more reasonable estimate than that of the (perhaps inspired) *Kolonial-Handbuch*. Hauser says (114) that there are not over 3,400 Germans, functionaries and all, in the *Schutzgebiete*.



repelled advances looking to the establishment of a German protectorate over certain regions farther to the south.<sup>1</sup> The outcome of the present war will probably bring this question into still greater prominence.

In the development of the colonial trade,<sup>2</sup> Germany has succeeded little better than in the attempt to direct emigration. The companies did practically nothing toward opening up their respective regions by means of road-making, clearing of river-courses and the like. They did not attempt to minimize the risks of commerce by the erection of lighthouses, the making of charts and the dredging of harbors. Communication with the outside world, especially for New Guinea, was fitful, being rendered possible, for the most part, by Dutch and English vessels. Only as the imperial government came forward with subsidized lines, was regular communication with Europe established. All these works were beyond the strength of the companies, and, it may be said, considering their actual political nature and purpose, beyond their province. They were to hold the colonies and try to pay expenses some way till the government could relieve them.

There was really no incentive for the investment of capital in Southwest Africa and New Guinea, for they provided neither supply stations nor markets.<sup>3</sup> A scanty and inelastic export of hides and ivory from Southwest Africa, and of copra from New Guinea, was all that could be reckoned on. The crudeness of the means of communication in these two possessions and the distance of the latter colony were fatal obstacles to the development of trade. Valuable woods in New Guinea could not be transported to the coast and still yield a profit, and the cotton of the island, though of splendid quality and long staple, could not realize a price on European markets which would cover the cost of production and freight charges,<sup>4</sup> and still leave a

<sup>1</sup> Büttner, 105; Engler, 112; Hermann, 12; *Globus*, lxxix, 3 (Jan. 17, 1901).

<sup>2</sup> See Fitzner, *passim*, for details; also *Der Deutsche Export*.

<sup>3</sup> The Germans call Southwest Africa their "Schmerzenkind." Hauser, 41.

<sup>4</sup> Blum (103) says the *plus* in the transport costs must be made up for by a *minus* in the cost of production or a *melius* in quality of product—for all of which practice and experience are needed. The wide fluctuations of the European markets are exceedingly harmful to the development of cotton-raising (171). Cf. Schmidt, ii, 409.

reasonable margin of profit. In Togo<sup>1</sup> and Kamerun, trade-interests had long existed, and from East Africa also many valuable products could be drawn. Choice woods, palm-oil and kernels, tropical fruits, copra, sugar, ivory and caoutchouc were among them, although the last two articles named were becoming more and more scarce under a system of ruthless exploitation. Cacao, coffee, tea, and a promising quality of tobacco (from New Guinea) were raised in the several tropical colonies, and seemed to point to future gains as recompense for present toil and sacrifice.

As a supply region, then, the colonies were eminently unsatisfactory; nor did they afford a profitable market for German wares. The native peoples either had little to give in exchange for German goods, or their needs were so few and their improvidence so great that they did not care to take advantage of resources which they possessed. This was the case particularly in South-west Africa and New Guinea. The Herero of the former country clung to their one form of wealth—cattle—with religious fervor, and would sell only those beasts that were old, sick or bewitched;<sup>2</sup> the Papuans of New Guinea were quite satisfied with their lot, and desirous only of such minor articles as iron hatchets and knives.<sup>3</sup> Most of the native peoples under the German flag confined their demand to powder and guns, and to alcoholic spirits, goods which the government was unwilling to supply.<sup>4</sup>

East Africa and Kamerun present certain additional trading conditions, which entitle them to separate mention. In Kamerun

<sup>1</sup> An exceptionally full treatment of the economic possibilities of Togo is given by H. Klose, *Togo unter deutscher Flagge. Reisebilder und Betrachtungen*, Berlin, 1899, 547 ff.

<sup>2</sup> Büttner, 25 ff.; 86.

<sup>3</sup> For ages Papuans have traded only when absolute need has frightened them out of their laziness. This trade was carried on by means of periodical, rotating markets and festivals. As usual, the folk of the smaller islands have become the industrial specialists and traders. Papuan manufactured articles of export are largely "objects of ethnological interest." Hagen, 214 ff.

<sup>4</sup> One of the irritating features of the native trade is the amount of dickering necessary. Long discussions are to the native a favorite diversion; he insists upon bartering each article separately and prolongs his enjoyment to the despair of the unhappy German. Schmidt, i, 187.

the Germans were long irritated by the Dualla tribe, a people of middlemen, who insisted upon retaining for themselves the privilege of trading between widely diverse conjunctures—the essential advantage of the frontier trade. During the earlier years of occupation, they offered much open and covert opposition to the expansion of German trade with the interior; of late, however, their power has been weakened by the extension inland of the imperial power. In East Africa, trade has remained for centuries in the hands of Arabs and natives of India, and attempts of the East Africa Company to lay hands upon the commercial routes and caravans for purposes of trade and taxation, have been, for the most part, futile.<sup>1</sup> The tremendous inertia of custom and the redoubtable power of Islam, vested in the Sultan of Zanzibar, have been encountered, in active or passive resistance, at every turn. The East Africa Company never got much beyond the invasion stage.<sup>2</sup>

On the whole, then, the trade of these new possessions has not justified the eager expectations, nor satisfied the longings, of the acquisition-period. The possession of "colonies" seems to have been as unsatisfactory in the solution of commercial problems as of those of emigration. Nor has the development of commerce with the colonies been such as to afford any convincing instances to those who asserted that trade would follow the flag. If truth be told, the tendency of trade seems to have been to follow the British, and for obvious reasons. It was only by the use of English trade-marks, for example, that the Germans managed to get any hold at all in Southwest Africa. Their goods were regarded as "German trash,"<sup>3</sup> and the demand for them under their own mark and form was very small. Here again the Germans brought up against the barrier of century-old and time-hallowed custom, as well as against the superior elasticity and development of the British commercial system. The tariff regulations mentioned above, however moderate, could not

<sup>1</sup> The Indians (especially the Banians) are sly and bad, but indispensable to the Germans for the present. Schmidt, i, 181.

<sup>2</sup> Leroy-Beaulieu, 803.

<sup>3</sup> This was about 1840, when Germans first appeared as merchants in S. W. Africa. Keltie, 169.

but have had their effect upon an incipient trade which called for the utmost freedom of development.<sup>1</sup>

Statistics of Germany's trade with her colonies exhibit, on the whole, an uninteresting dead-level.<sup>2</sup> It is found that while exports have remained practically stationary, imports, especially of manufactured wares, have increased somewhat in volume. The decline of caoutchouc and ivory under a system of ruthless destruction has already been alluded to. In general, Germany's share in the exports and imports of the *Schutzgebiete* is insignificant; it appears, however, to be on the increase.<sup>3</sup>

But, though the development of the German colonial trade has not been such as to satisfy the inflated hopes of the colonial party, the recital of its story need cause no shame to the Germans. They were working against overwhelming odds. The companies, however culpable, cannot with justice be held to full account for all the mismanagement and mistakes incident to their performance of temporary and inconsistent functions; even if the

<sup>1</sup> The manufactured articles imported into East Africa are mostly from England, America, Switzerland and India. Arms and (inferior) powder are about the only articles demanded of the Germans. Schmidt, i, 179 ff. Philippson (32; 44) had predicted (1880) that colonies could not be permanently retained by a country of such unfortunate geographical position as Germany; he prophesied that they would fall into England's market.

<sup>2</sup> The following table (in marks), though incomplete, may serve to give some idea of the volume of the colonial trade: [000 omitted.]

	'92	'93	'94	'95	'96	'97	'98	'99
Togo .....	Exp. 2136	2415	2241	2353	1887	1976	2491	3280
	Imp. 2412	3414	2895	3048	1651	771	1470	2583
Kamerun .....	Exp. 4264	4633	4435	4090	3961	3385	4602	....
	Imp. 4471	4162	6497	5658	5359	6327	9297	....
S. W. Africa...	Exp. ....	....	....	....	....	1247	916	1399
	Imp. ....	....	....	....	....	4887	5868	8941
East Africa ....	Exp. ....	....	....	....	2831	2987	2862	1943
	Imp. ....	....	....	....	6223	6015	7684	6071

These figures are drawn from the *Statesman's Year Book*, *Der Deutsche Export*, and *Fitzner's Kolonial-Handbuch*. They are probably approximately correct. The amounts stand for totals of imports and exports, except in the case of East Africa, where totals of chief articles are indicated.

<sup>3</sup> The import trade of Germany with West Africa attained its high-water mark in 1891 (M. 5,600,000). Since 1896 its rise has been due to imperial subventions, especially for Southwest Africa. The statistics here involved are admittedly poor and corrupt. Only general tendencies can be shown. For details, see *Der Deutsche Export*, 56 ff.



directors were seriously at fault, the evil occasioned was rather local than general in its incidence. There was a singular moderation and care displayed by the government, in the whole matter; this, again, in all probability, must be referred to the influence of Bismarck. Fortunately for the Germans, the governor of the mechanism seems to have discharged its function with rare precision.

After the government had gathered the reins of power into its own hands, commercial matters were set at once upon a better footing. The companies themselves (especially in East Africa)<sup>1</sup> began to feel themselves more nearly equal to the discharge of their business functions now that the incubus of administration had been removed. The imperial government operated, if not with skilled hand, certainly with farsighted purpose. Scientific expeditions were systematically organized and experiment stations were founded for the investigation of conditions of soil, climate, etc.; the acclimatization of various grains, vegetables and fruits became a subject for study and experiment. The *Hinterland* of West and Southwest Africa had been vigorously opened up in the early years of the imperial government; East Africa and, later, New Guinea, now offered a fresh field for exploits and advance. Military and commercial roads were built and carefully patrolled.<sup>2</sup> In general, however, trade from the interior still passes over the narrow native "paths," as it has done from time immemorial.<sup>3</sup> The solution of the question of communication still looms up as a *sine qua non* of effective occupation and development.

The imperial coin has been made legal tender in most of the colonies. In Southwest Africa, it is said, the once prevalent British coin is becoming more scarce; but in Togo, where trade interests were better developed, British currency is much preferred.<sup>4</sup>

<sup>1</sup> Schmidt, i, 122 ff.

<sup>2</sup> They have generally been of an unnecessary width and quality, inasmuch as length and penetration have been sacrificed. Natives of Togo can not see the use of a road several meters in width; they solemnly march in "goose-order" along the edges, in the good old ancestral way. Meinecke, 16.

<sup>3</sup> Cf. Hauser, 13. Where there are no native paths (e. g., in parts of New Guinea) a passage has to be hacked out, step by step, through the dense jungle. Krieger, 243.

<sup>4</sup> Loeb, 53; Meinecke, 43; Klose, 127.

One important and arduous service of the East Africa Company was the piece-meal transportation inland of the steamer "Hermann von Wissmann," which was put together and successfully launched on Lake Tanganyika. The advantage of this gunboat's control of the "west coast of East Africa," as Wissmann called it, is apparent; its presence has been fatal to the slave trade of the region, besides having proved of inestimable service to a developing commerce.

In the matter of transmarine communication, the government's hand has been active from the first. Liberal subventions<sup>1</sup> were granted to African lines and by the early nineties fair communications had been established. At present, German steamers call at the ports of Togo and Kamerun three times per month, along the East African coast every two weeks, and at the Southwest African harbors monthly.<sup>2</sup> New Guinea and the Bismarck Archipelago were dependent solely upon Dutch and English lines until recently; the New Guinea Company did nothing to facilitate local or European connections and the government could, at that time, accomplish little. At present the German colonies do not suffer to any great extent from absence of external communication.

Railroads in the colonies are a more crying need, and are no more than in their beginnings. Railroad development can do much for Southwest Africa, where the chief obstacles to the opening-up of the interior lie in the time, danger and cost of transport across the sandy desert that borders the coast. Cable connection is now made with all the African protectorates and limited telegraph and telephone lines (largely military) are found in all the colonies.<sup>3</sup>

On the whole, considering the obstacles which the Germans have had to meet, and their inexperience in governing dependen-

<sup>1</sup> The first subvention was legalized April 6, 1885; after this time subventions became more and more common. *Der Deutsche Export*, 47-48.

<sup>2</sup> Fitzner, i and ii, *passim*. English and French lines call along the East and West African coasts, and Southwest Africa has monthly connection with the Cape. A line of steamers makes connection between East Africa and India every three weeks. A recent account of existing connections is to be found in *Globus*, lxxix, Nr. 9 (March 7, 1901), 146.

<sup>3</sup> Fitzner, i and ii, *passim*. All the *Schutzgebiete* are in the *Weltpostverein*.

cies, it must be admitted that they have coped manfully with an extremely troublesome situation, sparing neither money, effort nor lives in the solution of commercial and other problems, presented in their most forbidding forms. Throughout, the attitude of the colonizing power has been that of modesty and of dogged perseverance, of willingness to learn and to correct errors. There has been no extravagance countenanced, and yet the expense has been grievously heavy. Many brave lives have been lost in battle, and many more sacrificed to the deadly climate, with its fatal fevers and dysentery.<sup>1</sup> In comparison with such irreparable losses, expenses of administration may seem slight; but, as has been seen, they were such as to discourage the enthusiastic and reasonably strong colonial companies. From the time of their annexation until the late nineties, Togo and Kamerun managed to pay their own way; since that time, however, they have been the recipients of rapidly increasing imperial subventions. The Small Jaluit Company is the only one which has regularly balanced its budget without state aid. The expense incurred by the Empire in the entire or partial administration of East and Southwest Africa and New Guinea has been heavy from the first, and manifests a tendency to increase steadily.<sup>2</sup> The following table<sup>3</sup> may give some idea of the colonial budgets:

<sup>1</sup> The story goes that there were always two governors en route between the West African possessions and the home-land; one, in his coffin, being carried home for burial, and the other hastening to take his vacant place.

<sup>2</sup> According to Loeb (61), expenses in behalf of the colonies rose from 9,497,000 M. in 1896-7 to 25,200,000 in 1899. The full estimates, he says (63), were never allowed by the imperial legislature. He notes (70) the interesting fact that Kamerun alone has been required to repay subventions, on a basis of annual installments, to the imperial treasury. The budget and debt-contracting powers have been in the hands of the imperial legislature since 1892, although here the Emperor's hand is still very powerful (48 ff.).

<sup>3</sup> Condensed from Fitzner, i and ii, *passim*, and Loeb, 56 ff. In the former are to be found details of taxation, tax-collection, expenses of various kinds, and the like. Lacunae are filled from the *Statesman's Year Book* (1901) and the *Almanach de Gotha* (1902). The figures for the last years are mostly estimates, and probably understate the true situation.

IMPERIAL SUBVENTIONS.  
[In marks: 000 omitted.]

	'95-6	'96-7	'97-8	'98-9	'99-1900	1900-1	1901-2
Togo .....	...	...	...	...	254	270	884
Kamerun .....	620	679	690	814	983	2063	2180
E. Africa .....	3687	4301	4339	3805	6035	6700	5259
S. W. Africa .....	1700	4087	3015	4601	6909	7172	9103
				(1899)		(1900)	
N. Guinea .....	...	...	...	75	...	848	710
Samoa .....	...	...	...	...	...	52	146
			(1898)	(1899)	(1900)	(1901)	
Kiautschou .....	...	...	5000	8500	9780	10750	
Caroline, Palao and Marianne Islands, (estimated annual subvention) .....	...	...	...	...	...	370	287

The heavy debt item of the budget is, of course, the expense of military occupation. The credit items consist of the subventions, and of various taxes, *e. g.*, on natives, on business firms, etc., customs dues, income from railroads, and other minor income. The receipts from the customs form by far the largest of these items, excepting always the subventions.<sup>1</sup>

To the Germans, then, as well as to other peoples, world-dominion has proved itself to be an expensive luxury. They seem to regard it as worth the cost; indeed, it is charged by certain recalitants<sup>2</sup> that the popular mind is unsettled in the matter of

<sup>1</sup> The following budget of the East Africa colony (Fitzner, i, 271) is typical:

RECEIPTS.  
[000 M. omitted.]

	1895-6	1896-7	1897-8	1898-9	1899-1900	1900-1901
Direct Taxes .....	...	...	...	100	350	560
Customs .....	1750	1350	1400	1625	1750	1750
Administrative income, etc. ...	400	250	300	435	410	613
Income from railroads .....	...	...	...	...	...	85
Imperial subvention .....	3687	4301	4339	3805	5985*	6700
Total .....	5837	5901	6039	5965	8495	9708

EXPENDITURES.

Current .....	5542	5409	5546	5630	5942	6764
Extraordinary .....	280	476	480	322	2540	2931
Reserve fund .....	15	16	13	13	13	13
Total .....	5837	5901	6039	5965	8495	9708

\* In addition, a supplement of M. 50,000.

<sup>2</sup> Speech of Herr Richter in the Reichstag (N. Y. Times, Jan. 10, 1902).



the colonies to the verge of megalomania. It is charged that improvements of unquestioned value at home are delayed by reason of excessive and imprudent grants for questionable enterprises in the colonies. But by this lavishness, the Germans think to raise the importance of the Empire in the eyes of the world.<sup>1</sup>

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<sup>1</sup> The treatment of the remaining questions of colonial policy is reserved for a concluding paper.—EDITORS.

## THE PHYSICAL VIGOR OF PUBLIC EMPLOYEES.

**I**N a comparison of public work done by direct employment with that done by contract, not only the differences in wages must be considered, but also the differences in skill, energy, and physical vigor. The differences in wages were discussed in an article in the *YALE REVIEW*, February, 1897. It is intended in the present article to consider only the physical vigor of public employees. The question of skill belongs to a discussion of the quality of public work, and the question of energy forms the largest problem of the Civil Service.

It must be admitted that upon the matter of the physical vigor of public employees, there is very little direct evidence which can be reduced to a statistical measurement, since this feature of public employment is not usually isolated for special inquiry. It is rather from inferences and personal observations that conclusions may be drawn. Consequently the evidence offered in the following pages is submitted as being highly suggestive, though not conclusive.

The cost of labor constitutes 40 to 60 per cent. of the total cost of municipal works, as will be seen by the following typical constructions :

RELATIVE AMOUNTS OF LABOR IN TOTAL COST, PUBLIC EMPLOYMENT.

	Total Cost.	Labor.	Material.	Miscellaneous.
London County Council :				
Engineer .....	\$130,604	\$54,890	\$61,559	\$14,117
Architects .....	246,985	113,410	111,299	22,272
Total, including "Values"....	377,643	168,335	172,910	36,397
Per cent. ....	100	45%	46%	9%
Denver, Delgany Sewer .....	49,251	18,441	27,802	3,038
Per cent. ....	100	37%	58%	5%
Brockton Sewer (contract)....	35,984	21,545	14,438	.....
Per cent. ....	100	60%	40%	.....
Woburn Sewer .....	35,146	22,706	7,132	5,308
Per cent. ....	100	65%	20%	15%

Seeing that material is purchased on the open market at quotations well known, there can be little variation in the cost of this item under either direct employment or the contract system. The

differences have to do mainly with the quality and the inspection of the material ordered and delivered. The test, therefore, of the direct system from the standpoint of cost, turns on the efficiency of the laborers employed.

The average physical vigor of the permanent staff of laborers in municipal employment usually becomes, in time, inferior to that of laborers on contract work, by reason of the higher sentimentalism to which public officials are held. When a faithful laborer, no matter how vigorous and energetic at first, slowly grows feeble through disease or age, the department strives to keep him at work long after the stage of decrepitude when a contractor would discharge him. Competition forces the latter, whether he will or no, to disregard everything except actual efficiency. The good record of a man is only a memory, not a claim. But city officials, freed from competition and restrained by sentiment, honor the claim of past fidelity, even in the lowest ranks of workers. To discharge faithful employees after long service at the early signs of inefficiency would bring upon the department the outcry of the daily papers and the tender-hearted. It is not easy to see how this official indulgence can be checked. It lies in the very nature of public employment and tends rather to increase with the growing sense of humanity in the community at large. It must be regarded as a permanent handicap upon the energy and efficiency of municipal employment as compared with private employment. Whether it can be directly lightened by compensatory devices of pensions, reduced pay, transfers to lighter work, is a question for administrative economy. But it should be noted that, from the larger standpoint of the city's finances as a whole, this retention of weakened energies is somewhat balanced by a gain on the poor department's side of the ledger. When inefficient workers, in old age or disease, are discharged by private employers, they fall upon their savings, their friends, or the poor funds. In the last case the city supports them, and the contractor's lack of charity for worn-out workers does not necessarily mean that the city is getting the advantages of the greater physical vigor which he is at liberty to command. The city carries the charity-end of both the day-labor and the contract systems. Whether the load be heavier

in the one case or the other, the balance against direct employment is not as great as at first appears.

This leads to another difference in the physical vigor of city employees compared with the employees of contractors: the tendency to make public works a poor department.

The reports of English municipalities to the Royal Commission on Labor<sup>1</sup> show that, where influenced by the desire to make work for aged and incompetent paupers taken from the almshouses, the cost of direct employment is greater than that of contracts. "In a large number of cases the view is held that public work, though more efficient, is considerably more costly and often slower. In some cases this is ascribed to the deliberate adoption of a policy of philanthropy." In others, "old men are employed who would otherwise have to go to the poor-house." In others, residents of the city are first employed who are "not necessarily the fittest and best men." "The work is therefore done more slowly than would be the case under a contractor." But it is contended in several returns that even this slower and more costly work is profitable to the city, wholly apart from its tendency to make laborers self-supporting, who would otherwise be paupers.

The significance of this tendency of the aged poor to seek public employment appears plainly in a table published by the Superintendent of Sewer Construction of Woburn, Mass., in 1895, showing the day-labor record of applicants and employees on a large piece of construction in that city. The table shows that one-fourth of the applicants for work were over 50 years of age, and these furnished over one-half the dismissals. Of the whole number actually employed, 32¼ per cent. were retained until work closed, 47½ per cent. left voluntarily, and 20½ per cent. were discharged for incapacity. Nearly 25 per cent. of those leaving voluntarily and over 50 per cent. of those discharged were men whose average age was nearly 56 years. In this case the superintendent was not restricted in his dismissals by any veterans' preference clauses, nor by any political or sentimental influences. He endeavored to give the day-labor system a fair trial on its merits as a strictly economic undertaking. The result

<sup>1</sup> Royal Commission on Labor, 2d Report, Summaries, App. ii, p. 471.



shows the handicap placed on an old man in the struggle for employment, and largely excuses that humane sentiment which prefers to see them given public work rather than charity.

But the interests of efficient government are equally important. The poverty of the aged justifies other remedies, such as old age pensions, but not necessarily public employment. Commissioner George E. Waring, Jr., in his report on "Street-cleaning in Europe,"<sup>1</sup> writing of Birmingham, says: "The chief lesson to be learned from Birmingham—and its methods are duplicated in English towns generally—is the lesson of non-political, non-shirking, non-poor-man-coddling business management of public affairs. It shows us that a department of public works should not be a department of charities, and that—aside from proper and generous public charity—the money of the taxpayer should be used with the same care and economy that are so imperatively necessary to the successful management of private works."

Although the present policy of Birmingham and other English towns restricts public employment to the vigorous and able-bodied, such has not been their policy until recently. It is the "fair wage" movement and the higher wages that have been paid in the past ten years that have made possible the selection of a more efficient grade of labor. Mr. Charles Booth, in speaking of the parishes of London,<sup>2</sup> notes that street sweeping was formerly a halting stage to the work-house. "Men no longer able to work at their regular trades, worn-out servants, partially disabled men, men partially deaf, failing eyesight, subject to fits, one-armed, one-legged men, men with weak intellect, in fact social wreckage of every description found a harbor of refuge in this work, and kept at it as long as possible in order to avoid going into the house. . . . All the old men have departed this life, and as a result of the higher wages and the new rules, brought about by the agitation of the men's leaders, a different class of workmen is now engaged. At the present minimum wages of 21s per week, ordinary laborers in the prime of life are only too anxious to be on the staff. This policy may impart greater efficiency to the work, but it has hardly yet been appre-

<sup>1</sup> Published by Reform Club, N. Y., as supplement to "Municipal Affairs," June, 1898, pp. 52, 56.

<sup>2</sup> *Life and Labor*, viii, p. 28.

ciated that the result is entirely to exclude the class of men for whose benefit most of all the raising of the rate of pay was undertaken."

It might be inferred that in American cities the adoption of civil service rules, with their physical examination, would tend to lessen the employment of the physically incapable. But the civil service rules do not improve the physical strength of employees, since they introduce a new preference, that of veterans of the civil and Spanish wars. The New York State Constitution and Legislature go so far as to deprive the appointing officers of all discretion and to require that veterans, if they are able to pass the civil service examination, are to be given preference in appointment and promotion without regard to their standing on the lists. They have a right also to a hearing in the courts, both on appointments and removals.<sup>1</sup> Their employment and discipline is therefore a judicial rather than an administrative question. In Massachusetts the veteran who passes a physical examination before the Civil Service Board is placed at the head of the eligible list, and no discharge, transfer, suspension or reduction, in wages can be made without a hearing before the mayor or selectmen, where he has a right to be present and to be represented by counsel.<sup>2</sup> In a city like Boston, where the mayor is a very busy official, this provision gives the veteran much leeway.

The Civil Service Commission in Massachusetts has indeed enabled appointing officers to escape the more serious handicap of the veterans' preference by permitting them, in sending their requisitions, to specify a maximum age limit, if they can show that the work is so arduous as to require the services of young and vigorous men.<sup>3</sup> This privilege is denied in New York by the ruling of the courts.<sup>4</sup> That this rule in Massachusetts is used by appointing officers mainly as a protection against veterans, appears from the fact that in Boston, where, in 1897, 39 per cent. of the certifications made by the Commissioners were subject to

<sup>1</sup> Constitution New York, Article V, Sec. 9, Laws 1896, Chap. 821. See Fifteenth Report, Civil Service Commission.

<sup>2</sup> Laws of Massachusetts, 1896, Chap. 577, p. 5.

<sup>3</sup> Civil Service Commission, Massachusetts, Rule XLV, 6.

<sup>4</sup> People ex rel. Kittenger, 20 Misc. Rep., 217. See Fifteenth Rep., p. 655.

an age limit, the veterans registered were 8.6 per cent. of the whole number employed; while in Cambridge, with no age limit in the requisitions, the veterans employed were 18 per cent. of the whole number employed. In Newton, with an age limit in all the requisitions, all the veterans were excluded from employment.

Even the privilege of setting a maximum age limit in Massachusetts does not always protect the public department from infirm veterans. Recently when the superintendent of streets of Boston made a requisition upon the Civil Service Commission for ten laborers, he was furnished with the names of fifty-five veterans, who, according to law, stood first on the list.

In occupations other than the labor service, such as clerical and official positions, where physical vigor is not required, the objections to veterans' preference are of less validity. Also, even in the labor service, there are many positions requiring but little energy, such as those of watchmen, inspectors, stationary engineers, and others. In such places as these, the appointment of veterans is not particularly injurious to the service. Of the 119 veterans employed in the skilled labor service of Brooklyn in 1896, nearly 50 per cent. were employed as inspectors, and the occupation standing next in the number of veterans was that of watchmen.

Another restriction on the free choice of public employees is the preference usually given to citizens over aliens, and residents over outsiders. This is the main argument which in certain cities has decided the question in favor of direct employment, and which in others has aroused popular interest. The civil service rules of Massachusetts restrict applicants for city service to those who are citizens of the United States, residents in the Commonwealth for one year, and in the city for six months, "except where special qualifications are required, and the appointing officer requests in writing that the examination be open to persons who are not citizens or residents."<sup>1</sup>

Whether provided by statute or not, cities may be expected to insist that all public employees in the labor service shall be citizens and residents. Private contractors, being free to select

<sup>1</sup> Rule VII, Thirteenth Annual Report, p. 98.

their laborers from the world at large, can choose without restriction those nationalities best suited to the work in hand. In Eastern cities, the question of nationality and residence turns mainly upon the Italians. These people, hired by contractors, are not usually very strong physically, and are employed upon light work above ground, although they can be "rushed" by their foremen more than citizens. The sewerage commissioners of Brockton, under the supervision of the city engineer, made in 1894 a practical test of the relative advantages of citizen and non-resident labor from the standpoint of the contractor. On a large sewer system to be constructed, the specifications required that the contractor should submit two bids, one based on using city labor, and the other without restrictions as to labor. They required also that resident labor should be paid \$2.00 a day for nine hours, whereas the contractors were employing Italians and general labor at \$1.40 for 10 hours. The resident labor was therefore to be paid 59 per cent. higher wages per hour than the contract labor. The bids were as follows:

**BROCKTON SEWER SYSTEM—CONTRACTORS' BIDS.**

City Labor.		Without Restrictions.		City Labor Higher than Contract Labor. Per Cent.
No. 1	\$27,535.33	\$23,309.14		18
No. 2	28,825.68	24,153.78		19
No. 3	31,172.12	26,185.40		19
No. 4	31,803.65	27,646.62		15
No. 5	49,674.56	30,658.31		62
No. 6	40,077.60	31,492.97		27
No. 7	47,747.30	37,753.20		27
	\$256,836.23	\$201,199.31		27
Average	36,690.89	28,742.75		27

It will be seen that the average of the bids was 27 per cent. higher where city labor was specified than it was where there were no restrictions. No data are given as to the probable cost of material in these estimates, but the engineer states that, in the work actually executed, the cost of material was 40 per cent. of the total cost. Assuming that 40 per cent. of the lowest bid—\$23,309.14—should be allowed for material, we should place the minimum cost of material at \$9,324. Deducting this amount from each of the bids, to get the probable estimates of the several



contractors on the labor element alone, it will be found that the cost of city labor is estimated by the contractors at 23 per cent. to 92 per cent. higher than the cost of unrestricted labor, the average of the city-labor bids being 44 per cent. higher.

BROCKTON SEWER SYSTEM.

Estimate of Labor Cost in the Several Bids, on the Basis of \$9,324 for Material.

City Labor.	Without Restrictions.	City Labor Higher than Unrestricted. Per Cent.	Estimated Efficiency of City Labor Higher than Unrestricted. Per Cent.
No. 1 ..... \$18,211	\$13,985	30	12
No. 2 ..... 19,501	14,830	32	12
No. 3 ..... 21,848	16,861	30	12
No. 4 ..... 22,479	18,322	23	13
No. 5 ..... 40,350	21,034	92	17 (lower)
No. 6 ..... 30,753	22,169	41	11
No. 7 ..... 38,423	27,329	42	11
Average ..... \$27,338	\$19,219	44	10
Average (exclud- ing Nos. 4 and 5) 25,687	19,035	35	18

Since city labor was to be paid 59 per cent. higher wages, it follows that the efficiency of city labor was estimated at from 17 per cent. lower to 13 per cent. higher than that of unrestricted labor, the average of the bids being 10 per cent. higher. If we exclude bidder No. 5, who placed the city-labor specification at 92 per cent. higher, and who, the engineer intimates, did not want to work at all under such restrictions, and if we exclude No. 4, whose narrow margin indicated that he saw "some possibility of evading the clause requiring him to hire city labor," the remaining five bidders show an average higher estimate of 35 per cent. for cost of labor in their bids with city labor than in their bids with unrestricted labor. This, as against 59 per cent. higher wages, shows an average estimated higher efficiency for city labor of 18 per cent.

JOHN R. COMMONS.

Washington, D. C.

## NOTES.

**Restriction of Municipal Earnings.** Of the eighteen gas and electric plants under municipal ownership in the State, nine have been purchased since the Act of 1891 became law. The other nine municipal plants have been built by the towns in which they are established. A good opportunity is thus offered to compare the financial results attained by these two groups of plants.

Owner of Plant.	When Built.	Owner of Plant.	When Purchased.
Braintree .....	1892	Belmont .....	1898
Concord .....	1900	Chicopee .....	1896
Danvers .....	1889	Hingham .....	1894
Marblehead .....	1895	Hudson .....	1897
Needham .....	1893	Hull .....	1894
North Attleboro .....	1894	Middleboro .....	1893
Peabody .....	1892	Taunton .....	1897
Reading .....	1895	Wakefield .....	1894
Wellesley .....	1892	Westfield .....	1899

Four plants were built before the end of 1892, and 1895 saw the completion of four more. By the end of 1895, only four plants had been purchased, the first of these having come under municipal ownership in 1893. Since 1895 five plants have been purchased and one original plant has been built, by cities and towns. So far as depreciation may have adversely affected earning capacity or increased expenses of operation, the odds have been decidedly against the plants built by the towns.

The work done by municipal plants is of two distinct sorts, street lighting for which there is no money return, and commercial service. The amount of street lighting done by each plant is measured by the total number of kilowatt-hours supplied to arc and incandescent lamps for this purpose. For each town or city, the entire cost of street lighting is the sum of interest and depreciation charges against its plant, plus operating expenses and minus the money income from commercial service. Interest is computed on the total investment in each plant at the rate paid on the municipal bonds. Depreciation is charged at 5 per cent. yearly on the cost of each plant. The kilowatt-hours supplied to incandescent street lamps is determined on the basis of 0.0035 kilowatt-hour per nominal candle-power hour. Energy used in arc street lamps is based on 0.00025 kilowatt-hour per nominal candle-power hour.

All figures are derived by computation or taken directly from the reports of the Gas and Electric Light Commissioners of Massachusetts.

In each town and city the total cost of street lighting, found as above, is divided by the number representing the entire amount of energy supplied, to obtain the cost per kilowatt-hour for that place. In six of the plants built by the towns, street lighting cost less than nine cents per kilowatt-hour, but in the towns and cities where plants were purchased, the cost was more than nine cents for all except two plants.

In the nine towns where the original plants were built, the total cost of electric street lighting for the year was \$75,714.43, giving an average cost of 8.43 cents for each of the 897,395.2 kilowatt-hours supplied to these lamps. The nine cities or towns where plants were originally purchased were at a total expense of \$78,247.33 for electric street lighting during the year, so that the average cost was 11.8 cents for each of the 662,626.4 kilowatt-hours furnished for this purpose. From this it follows that the average rate of cost for street lighting, in cities and towns where plants were originally purchased, was 40 per cent. greater than the rate for the nine towns that built their plants. This result seems to be due to the greater interest and depreciation charges on the larger investments in purchased plants.

The next step is to compare the ratio of earnings to investments in the purchased plants with the like ratio for plants originally built by the towns. In order to determine the money value of the street lighting done by municipal plants, it is necessary to select some fair rate per unit of service. The rates selected for the present case are those paid to private electric corporations by cities and towns having about the same populations as those in which the municipal plants are located.

According to the census of 1900, the population of Chicopee was 19,167, and of Taunton 31,036. For comparison with these two cities all those in the State with populations between them are taken, except two cities where the gas and electric plants are under the same ownership. The cities of Gloucester, Quincy and Pittsfield, with populations of 26,121, 23,899 and 21,766, are thus selected to furnish a rate on which to compute the value of electric street lighting in Chicopee and Taunton. The total sum paid for electric street lighting in Gloucester, Quincy and Pittsfield during the year ending June 30, 1900, was \$41,022.00, and of this amount \$17,577.00 was paid

for arc lamp service, which thus cost 42.8 per cent. of the total. The sum of taxes paid by the electric corporations in these three cities was \$4,388.13, and 42.8 per cent. of this amount is \$1,878.12, which deducted from the \$17,577 paid for arc service leaves \$15,698.88. During the year the electric corporations paying these taxes supplied 122,772.27 kilowatt-hours to arc street lamps in the three cities, so that the average price less taxes was 12.78 cents per kilowatt-hour.

In Middleboro, Wakefield and Westfield both the gas and electric plants are under municipal ownership. The populations of these three towns are 6,885, 9,290 and 12,310 respectively. In each of ten towns of the State, generating and distributing plants for gas and electricity are owned by a single private corporation. In one of these towns illuminating gas is sold during only six months of the year, and the amount paid for electric street lighting seems to be uncertain. This town is not, therefore, considered.

On the average prices for arc and incandescent street lighting in these nine towns the values of the electric street lighting in Middleboro, Wakefield and Westfield are computed. The nine towns paid \$34,691.86 for arc and \$10,434.28 for incandescent street lighting, and collected \$3,275.53 in taxes from the gas and electric corporations during the year. Deducting the taxes from the costs of street lighting, in the way indicated for the three cities, the net charge for arc service is \$32,176.25, and for incandescent \$9,674.36. In the nine towns 226,359.9 kilowatt-hours were supplied to arc and 104,206.5 to incandescent lamps during the year. The average prices paid were, therefore, 12.66 cents for arc and 9.28 cents for incandescent service per kilowatt-hour, taxes being deducted.

Forty-four towns, comprising nearly all those in the State where the electric plants are owned by private corporations that do not own the gas plants, are taken to establish a basis of value for street lighting in the remaining thirteen municipal plants. Each of the forty-four, as well as each of the thirteen towns, has less than 12,000 population. The total cost of electric street lighting in the forty-four towns was \$87,411.50 for arc and \$82,197.10 for incandescent service during the year. Electric corporations in these towns paid in the same year taxes to the amount of \$16,613.50. These taxes, deducted from the charges for street lighting in the way before described, leave the net charge for arc service at \$78,850.56, and for incandescent at \$74,146.20. During the year these forty-four towns consumed 655,801.3 kilowatt-hours in arc and 764,980.5 kilowatt-



hours in incandescent street lamps. It follows that the average prices paid by these towns were 12.02 cents per kilowatt-hour for arc and 9.69 cents per kilowatt-hour for incandescent street lighting.

For the entire group of nine towns where municipal plants were originally built, the value of the electric street lighting is computed with the average prices charged in the forty-four towns as a basis. In the group of cities and towns that purchased plants, the value of street lighting for four towns is computed on the rates charged in the forty-four towns. For the two cities, and for the three towns with both gas and electric plants under municipal management, which constitute the remainder of this group, the values of street lighting are computed on the prices found for cities, and for towns with gas and electric plants under common ownership.

In the nine towns where the original plants were built under municipal management, the total value of arc street lighting was \$69,066.86, and of incandescent \$31,279.50, for the year, or \$100,346.36 for both. The nine cities or towns where municipal plants were originally purchased had arc service to the value of \$67,195.21, and incandescent to the value of \$14,983.55, or a total of \$82,178.76 for their streets. All these values are determined from the figures for kilowatt-hours previously given for each place. To determine the net earnings of each plant for present purposes, its operating expenses are deducted from the sum of its money income from commercial service including jobbing and the computed value of its street lighting. Investments represent the entire sums expended in the construction of the plants.

In the nine plants that were purchased the total investment was \$921,174, and the net earnings for the year \$79,001.58. The ratio of these earnings to the investment is, therefore, 8.57 per cent. As the like ratio for the nine plants built by the towns is 13.13 per cent., the rate of their earnings on the invested capital is 54 per cent. greater than that of the purchased plants. A rate of cost for street lighting greater by 40 per cent. in the purchased plants, and a rate of net earnings greater by 54 per cent. in the plants built by the towns, certainly support the contention that the municipal act of 1891 has forced the payment of excessive prices for existing systems, and thereby operated to restrict municipal ownership.

ALTON D. ADAMS.

**Movement of the Negro Population in the last decade.** Census Bulletin, number 103, dated October 10th, gives a summary of the population of the United States by sex, nationality and color. Some of its data are of great interest to the student of the negro problem. Very wisely, the attempt was not made in the Twelfth Census to distinguish blacks from mulattoes, quadroons and octo-rooms; it must, however, be remembered, in computing the relative growth of the two races, that all persons having the least distinguishable infusion of negro blood are credited to that race in the census reports.

The outstanding facts are, that the blacks now number 8,840,789, of whom 7,706,387, or 87.17 per cent., are in thirteen Southern States; that they have increased during the decade by 1,352,001, or 18.1 per cent. (as compared with 13.5 per cent. during the previous decade), while the whites have increased by 11,824,618, or 21.4 per cent.; and that they now constitute 11.6 per cent. of the population, as against 11.9 per cent. in 1890, 13.1 per cent. in 1880, and 19.3 per cent. in 1790. That the negro is steadily falling behind the white race in growth is of course due in part to the immense reinforcements made to the latter by immigration. During the last decade some three and three-quarters millions of immigrants were landed, though there was a large reflux movement toward Europe and Canada. It is fairer, therefore, to compare the negro increase with that of native whites of native parentage. The former was 18.1 per cent., while the latter was 18.9 per cent., barely half as great—it is interesting to observe by the way—as the increase of whites of foreign parentage. The negroes are thus steadily diminishing in number, relatively to the other elements of the population, as was the case throughout the last century, alike under slavery and as freedmen. That they have diminished less rapidly in the last decade than in the preceding is an interesting and encouraging fact, which may be commended to the attention of such students of the problem as the author of "Race Traits and Tendencies of the American Negro." The birth-rate can hardly be relatively higher; it must be that the death-rate is relatively lower, and this means improvement, however slight, in the standard of living, in sanitary conditions, and perhaps in those moral and mental states which so greatly influence mortality. That the negro death-rate is in fact diminishing, not only absolutely but also relatively to that of the whites, at least in the cities of the South, is indicated in the reports sent us for a number of years by

the Board of Health of the District of Columbia. In 1876, the death-rate for the District was 19.54 for whites and 40.78 for blacks; in 1900, it was 17.03 for whites and 30.31 for blacks, the improvement being great for both races, but much greater for the latter than the former. In a recent year, we found the negro death-rate to be 27.56 in Baltimore, 26.93 in Atlanta, and 26.06 in Richmond—excessive, indeed, in every case, but diminishing. For the rural districts, unfortunately, we have no data.

In the following States and Territories the negro population suffered an actual diminution during the decade: Vermont (11.8 per cent.), North Dakota (23.3 per cent.), South Dakota (14.0 per cent.), Nebraska (29.7 per cent.), New Mexico (17.7 per cent.), Nevada (44.6 per cent.), Oregon (6.8 per cent.), California (2.4 per cent.). In the following, the increase was abnormally small: Delaware (9.0 per cent.), Virginia (4.0 per cent.), North Carolina (11.3 per cent.), and Kentucky (6.2 per cent.), in the South; and Ohio (11.2 per cent.), Michigan (3.9 per cent.), Wisconsin (4.0 per cent.), Missouri (7.4 per cent.), and Kansas (4.6 per cent.), in the North. The only territorial divisions in which the increase has been above the average for the race, 18.1 per cent., are the North Atlantic (42.6 per cent.) and the South Central (19.9 per cent.). The particular States where the increase has exceeded the average (omitting certain Northern States, and Oklahoma and the Indian Territory) are West Virginia (33.1 per cent.), Georgia (20.5 per cent.), Florida (38.8 per cent.), Alabama (21.9 per cent.), Mississippi (22.2 per cent.), Texas (27.2 per cent.), and Arkansas (18.7 per cent.). In Arkansas, Mississippi and Florida, the blacks have increased more rapidly than the whites of native parentage, but elsewhere in the South Atlantic and South Central divisions the reverse has been the case, the ratio for the two races in the former being 20.5 to 14.3 and in the latter, 29.2 to 19.9. "The native white element of native parentage has increased since 1890 relatively three times as fast as the negro element in Kentucky, more than twice as fast in Louisiana, and not quite one and one-half times as fast in Texas." It is an interesting fact, though bearing on another topic, that in both the South Atlantic and the South Central divisions, the whites of native parentage have increased a little more rapidly than the whole body of whites, showing the slight and diminishing influence of immigration in the South.

The greatest relative growth of the black population has been in the North and West. The percentages are, 44.4 for Massachusetts,

23 for Rhode Island, 23.8 for Connecticut, 41.6 for New York, 46.6 for New Jersey, 45.8 for Pennsylvania, 27.2 for Indiana, 49.2 for Illinois, 34.6 for Minnesota, 37.9 for Colorado, 45.8 for Idaho, 56.9 for Washington, and 36.2 for Arizona. From 1880 to 1890, the negro population of the States comprising the Black Belt, though by no means coterminous with it (South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and Texas), increased by nearly 19 per cent., while the increase in the remainder of the South was only three and one-third per cent.; during the last decade the increase in the former territory was 20 per cent., as against 8 per cent. in the latter. Thus, it will be seen that the negro is still moving in two directions, southward into the low, moist, hot, cotton- and sugar-raising lands, and northward into the cities, but apparently the southward movement is less brisk, and the northward more so than formerly. How unequally the blacks are distributed through the South may be seen in the fact that in 1890, Graham County, North Carolina, had only one black to every 125 whites, while Beaufort County, South Carolina, had almost twelve negroes to each white.

It is also interesting to know that during the last decade the Japanese have increased, in the United States proper, from 2,039 to 24,326, and in Hawaii from 12,360 to 61,111, or 497.2 per cent., while the Chinese have diminished from 107,488 to 89,863 on the continent, though they have increased in Hawaii from 15,301 to 25,767—a net loss of 6.1 per cent. The Indians have also suffered a loss of 2.5 per cent.

W. F. B.

**The Immigrant Population.** From recent Government reports, we derive the following facts: The native-born constitute 86.3 per cent. of the population, being an increase over 1890 of 22.5 per cent.; the foreign-born constitute 13.7 per cent. of the population, being a gain during the decade of 12.4 per cent. Native whites of native parentage constitute 53.8 per cent. of the population as against 54.7 per cent. in 1890, and native whites of foreign parentage 20.6 per cent. as against 18.3 per cent. in 1890—that is, the children of foreigners have multiplied nearly twice as fast as those of native whites, and have made an absolute gain, while the latter have suffered an absolute though trifling loss, as a constituent element of the population. Those of foreign birth, however, have increased less rapidly than the entire population, the ratio being 12.4 to 21. The



percentage of increase of the foreign-born in the whole country—omitting Alaska and Hawaii—and of the several geographical divisions during two decades is shown in the following table:

	1880-1890.	1890-1900.
United States.....	39.3	12.4
North Atlantic .....	38.1	22.5
South Atlantic.....	19.7	3.6
North Central .....	39.2	2.4
South Central .....	17.3	11.1
Western .....	54.2	9.8

Thus, in the South Central States, where the foreign-born population increased least of all from 1880 to 1890, it has increased during the last decade more rapidly than in any other part of the country save in the Northeastern group of States, whereas there has been a marked falling off in the North Central and Western groups. The unfortunate tendency to congestion of immigrants along the North Atlantic seacoast has been decidedly increased during the decade, the Eleventh Census crediting that section with a somewhat smaller increase of the foreign-born element than obtained in the country at large; the Twelfth Census with an increase nearly twice the average. The only States or Territories in which the foreign-born increased more rapidly than the native-born were Maine (18.2 to 3.3), New Hampshire (21.8 to 6.3), Massachusetts (28.8 to 23.8), Rhode Island (26.5 to 22.9), Connecticut (29.7 to 19.1), New Jersey (31.3 to 30.1), and North Carolina (21.3 to 17—here, however, there were only 4,492 foreign-born in 1900), Oklahoma (472.3 to 405.2) and Hawaii (116.8 to 31.4). In 16 States and Territories there was an actual diminution in the number of foreign-born; viz., South Carolina, Alabama, Maryland, Kentucky, and Tennessee, in the South, and Ohio, Indiana, Michigan, Iowa, Kansas, Missouri, Nebraska, South Dakota, Wisconsin and Nevada, in the West, and Alaska. It is interesting to note that in New York the relative increase of the native-born and foreign-born has been equal, and almost precisely the same as the average increase of population for the country. In at least six States, those of foreign birth and parentage constitute more than 60 per cent. of the total population; viz., North Dakota, 77.1 per cent.; Minnesota, 74.9 per cent.; Wisconsin, 71.2 per cent.; Rhode Island, 64 per cent.; Massachusetts, 61.9 per cent., and South Dakota and Utah, 60.9 per cent. As to the sources whence this immigration is mainly drawn, Census Bulletin, No. 103, groups together Canada, New-

foundland, Germany, Great Britain, Ireland, Norway and Sweden, on the one hand, and Austria-Hungary, Italy and Russia, on the other, and shows that whereas the first group sent us 91.2 per cent. of all our immigrants in the decade 1851-60, and the second group only 0.3 per cent., the second group sent us during the last decade 50.1 per cent., and the first only 40.4 per cent. We may add that in the year ending June 30, 1900, nearly 70 per cent. of all our immigrants came from the second group of countries, viz. 305,769 out of a total of 448,572. And in several respects, at least, they constitute a less desirable element of the population than those from the northern countries of Europe; they are more alien in blood, in language, and in political and social tradition, they are more illiterate, they have less professional and manual skill, they bring less property, their religious faith is such as makes it more difficult to blend them with the general population, and a larger proportion of them have no intention of becoming permanent residents and citizens of the country.

W. F. B.

**The School of Social Sciences and Institute of Sociology** founded by M. Solvay in Brussels has recently been reorganized and formally connected with the University, and a pamphlet has been published containing an outline of the courses of study and views of the proposed sociological laboratory. The reorganization, however, has not taken place without some friction between MM. de Greef, Denis, and Vandervelde on the one hand and M. Solvay on the other, and the two parties to the controversy have united in issuing a pamphlet containing the statement of each side. The gentlemen in question, who have been associated with M. Solvay since 1894 as Directors of the institution supported by him, made, as they supposed, January 17, 1901, a formal contract, according to which M. Solvay was to contribute 21,000 fr. a year for twenty-five years, towards the support of the establishment. In June, however, M. Solvay issued new by-laws, creating a single director in the person of M. Waxweiler, and thus excluding the three original directors from the work of administration. The legal question seems to turn upon the one point, whether M. Solvay is bound by an agreement not signed by him but signed by a gentleman whom the professors supposed to be his representative. The practical result is that the socialist element will be less potent than it has been hitherto in the *Institut de Sociologie*.

## BOOK REVIEWS.

*Studies in History and Jurisprudence.* By James Bryce, D.C.L.  
Oxford University Press, Am. Branch, N. Y., 1901. 926 pp.  
\$3.50.

Every historical scholar has by necessity a large way of looking at things. A few of them, and all too few, have also the faculty of stating their conclusions clearly and with a just sense of proportion. Mr. Bryce is one of this number.

His spurs were won by an essay written as an Oxford student, on the Holy Roman Empire, published in 1864, and his studies in Roman law, continued through his life, have profoundly affected the character of all his literary productions. They furnish the thread which, though somewhat loosely, binds together the papers which make up this volume. Its title would perhaps have better indicated their character had it been *Studies in History as illustrated by Law*. He truly says in the preface that few English historians have dealt seriously with the legal aspects of their subject. Only those of them who were professional lawyers could, and it is rare to find a professional lawyer who can fairly be ranked among historical scholars.

The volume opens with contrasting the Roman Empire and the British, that is, the British Empire in India. One principle is mentioned as common to both (p. 47), and one which at this period in American history has a special significance for us: "Speaking generally, it may be said that the English have, like the Romans, but unlike the Spaniards, shown their desire to respect the customs and ideas of the conquered peoples. Indifferentism has served them in their career of conquest as well as religious eclecticism served the Romans."

No Englishman has ever grasped the theory of American government as fully as Mr. Bryce. Yet occasionally he makes an observation to which it is difficult for an American lawyer to give his assent. In discussing the distinction between "flexible and rigid Constitutions," he remarks (p. 196) that our "Supreme Court has refused to pronounce upon the action of Congress in 'purely political cases,' i. e., cases where the arguments used to prove or disprove the conformity to the Constitution of the action taken by Congress are of a political nature." It is one of the defects of this volume that the foot-notes are so few. This is probably incident to the fact that

most of the essays now collected were originally prepared either as university lectures or magazine articles. There is none to indicate to what decisions of the Supreme Court reference is here made. It may be surmised, however, that the author had in mind some of the cases, of which that of the State of Mississippi against President Johnson<sup>1</sup> is a type, in which the court has refused to undertake to restrain executive magistrates from doing what they may think it their official duty to do. But this does not mean that should these acts (whatever might be the political motive) be done, the courts would hesitate afterwards to pass upon their legality. It is the gloss of Mr. Bryce, in other words, that is incorrect. "Purely political cases" are those only in which judicial process is invoked to stay the hand of executive or legislative officers, or (as in the matter of the Behring Sea sealing controversy)<sup>2</sup> to pronounce in the abstract upon a right or title which such officers are or would be rightfully engaged in determining.

One of the attractions of these essays and of all that Bryce has ever written is the not infrequent occurrence of definitions or aphorisms which seem to come in naturally, and to be almost unstudied, and yet bear close scrutiny as concerns both their adequacy of conception and completeness of expression. Thus he says (p. 655) that "a University is after all only a mass of persons possessing or desiring learning, a concourse of men, some willing to teach and others eager to be taught"; that University students are a body of men liable to turbulence and easily roused by political passion, for (p. 656) "a multitude living together, without family ties or regular industrial occupations is prone to fanaticism"; and that "no conservatism surpasses that of a school-boy" (p. 479).

He is also here, as always, happy in his generalizations. Few men can strike more directly at the heart of a subject, and gather in a few words the sum of a wide study into the causes of things.

In what, for instance, lay the genius of Roman law?

Two motive powers, he says (p. 662), "made it what it was,—the idea of the Law of Nature and the idea of Utility as an index to the Law of Nature." True the Greeks had put forward (p. 568) a theory of the Justice of Nature which gave it a like utilitarian cast; but they never worked it out into practical form, nor did they seek to make it the basis of a jurisprudence.

The service which the American University in its different depart-

<sup>1</sup> 4 Wallace's Reports, 475.

<sup>2</sup> *In Re Cooper*, 143 United States Reports, 472, 503, 513.



ments has rendered to England, in the way of example, is freely acknowledged in these essays (pp. 900, *et seq.*). It was in the United States that the universities first began to offer training in English law as a preparation for the bar. In England, until the day of Austin, it was not seriously taught even in London (pp. 616, 684, 870, 888, 890, 894). At Oxford, now, its teaching is hampered and abbreviated by the fact that the student enters upon its study so late. He comes to the university at nineteen. At best, it can only be hoped that he will, after graduation, devote a year to legal studies (p. 902). There are now men there ready to teach. But where are the students? "They spend at school a year which they ought to spend at college, and they spin out their general studies so long that they are unable to obtain that scientific training in the future work of their life which the University has been at such pains to set before them" (p. 902).

One of the most instructive papers is that on the Constitution of the new Australian Commonwealth.

As contrasted with that of the Dominion of Canada, the author finds (p. 410) the fundamental distinction in the fact that while Canada concedes to the Dominion all powers not specially named and allotted, Australia, following our own example, leaves them in the hands of the several States.

As contrasted with that of the United States, one main difference is in the matter of State sovereignty. This cherished principle of American government Australia naturally disregards, for there it had no historical foundation. The Federal "High Court" can entertain appeals from the State Courts on all subjects, and a State can be sued before it, by a private person.

The sovereignty of the Commonwealth is also almost unrestrained in its relations to the individual citizen. There is nothing in the nature of a bill of rights, except a provision in favor of religious liberty (p. 420).

Next is to be marked (p. 428) the dependence of the Australian Executive on the Parliament, through the adoption of the device of a responsible ministry, softened however, as in England, by a power to dissolve Parliament and appeal to the people through a new election.

Finally Mr. Bryce points out the important divergence with respect to the procedure for amending the Constitution. The *referendum* is to the whole people. Although they vote by States, majorities in a majority of the States are not enough, unless those composing them

are in the aggregate a majority of all those voting throughout the entire Commonwealth. The assent of the Crown is also required.

The most philosophical in cast of all the essays is that on Political Obedience. The author grounds it on five motives, ranking thus in order of importance: Indolence, Deference, Sympathy, Fear, Reason (p. 467). Indolence may hide under the cloak of Deference (p. 474) and Deference may be intensified by Sympathy, or induced by Fear. On Reason it seldom rests. The real hypnotizing force of the strong over the weak lies in the will (p. 475). "In India, for instance, an average European finds many Hindus fully his equals in intelligence, in subtlety, and in power of speech; but he feels his own volitions and his whole personality to be so much stronger than that of the great bulk of the native population (excluding a very few races) that men seem to him no more than stalks of corn whom he can break through and tread down in his onward march." Mr. Bryce does not think that high cultivation, a well-ordered society, and republican institutions do much to vary the problem. Fear may play a lesser part, but Reason does not much more than hold its own (p. 496). Because society is well-ordered, there is less incentive to the good to become great, and the populace follows the lead of the "boss", because they do not care to take the trouble to which he has no aversion, since he works for pay. Leaders who think for themselves and call like men around them are the growth of extraordinary occasions. The normal attitude of a people towards its public life, and the normal attraction of that life to fine characters and high talents, may fall short of what times of great national conflicts will produce (p. 497).

There is a certain pathos in the contrast between the two concluding papers. One was read as an inaugural address on assuming the chair of Civil Law in Oxford in 1871; the other as a valedictory address on its resignation in 1893. Mr. Bryce entered on his professorship with high hope of bringing Roman law to the familiar acquaintance of the English barrister of the coming generation. Oxford was their chief training ground. He sought to impress the students to whom he spoke with the conviction, not only that this branch of learning was of the highest disciplinary value, but that it would arm them with a new and effective weapon for the contests of the bar. This was the thought of the man of thirty-three; but at fifty-four, when putting off his armor and finally abandoning the life of the legal scholar for that of a public man, he confesses that he had overrated the practical advantage which a civilian would be apt to

enjoy in the practice of law before the English courts. Once, he says, he had ventured to quote from the Pandects, in arguing a cause before the House of Lords, but occasions that would justify such a reference were few indeed, and he feared that there were not many attorneys who would think the more of a barrister because he was familiar with the principles of Roman law. "I cannot allege that the possession of this acquirement does much more than counterbalance the impression which still prevails in 'the other branch of the profession,' that it is a little uncanny for a barrister to be known for any thing except his knowledge of the English Law" (p. 892). The American bar may congratulate themselves that in this respect they are better situated than their English brethren. No class of our lawyers is dependent for business on another—and a less educated—class in the profession. The absence of any privileged order serves with us to spread learning, or at least respect for learning, throughout the bar, and to make it valued by all, if not shared by all.

SIMEON E. BALDWIN.

*The Anthracite Coal Industry.* By Peter Roberts, Ph.D. Introduction by Prof W. G. Sumner. New York: The Macmillan Co., 1901—8vo, xiii, 261 pp.

This admirable study by Dr. Roberts is the first approximately adequate attempt to deal with the hard coal problem as a whole. Economic and industrial phases are almost exclusively considered, as another volume on the social and moral aspects is promised us. The book is enriched by maps, charts and ample statistical tables. The first chapter deals with the geographical and geological character of the deposits; the second, with the history of mining and methods in the anthracite region. Then follow questions of capitalization, transportation, management and inspection, employees and wages, incidental profit of operators (powder, company stores, etc.), accidents, strikes, unionism, reclaiming the waste, with a concluding chapter of general "reflections."

The author sees with clearness and impartiality the difficulties of all heroic remedies for evils that he finds entangled with this whole history. Think of Socialism plus Pennsylvania politics! There is for the first time adequate statement of the primary, natural conditions that have made the "labor question" so prominent in the anthracite region. I once heard an economic instructor sharply hissed before a trade union for saying that nature had a good deal to do with the hardships under which the workmen suffered. Some

knowledge of this coal industry would have furnished the speaker with perfect and effective illustrations for his own defense. "The contortions, irregularities, flexures and impurities make it impossible to adjust wages on a uniform basis throughout the anthracite fields," Nowhere has the law of diminishing returns a more certain relation to specific hardships that fall upon labor. Indeed, if a cheaper immigrant had not been forthcoming, many of the thinner and smaller veins would not be worked at all because of the over-arduous nature of the task.

Of the same nature is the information furnished in the second chapter upon the earlier history of this industry. Only the shrewdest and most daring capitalists won even the scantiest prizes. Failures were so frequent as to chill all but the hardiest adventurers.

Less than ninety years ago Wm. Wurts bought land near Scranton for \$1.50 an acre that today is worth \$4,000 an acre; but even a quarter of a century later the ablest business men paid roundly for their mistakes. The author (p. 39) tells us "in the forties the Pennsylvania Coal Co. sent its geologist and chief engineer as far as Scranton and Dunmore to prospect for coal. They found an outcrop on the west of Scranton, but thought it a mere misplacement. They came to the conclusion after careful investigation that there was no coal there, while beneath the soil they trod were 70 feet of workable coal. In this way the Pennsylvania Coal Co. let slip some of the richest lands they could then have secured at low rates. The men who invested money in coal lands in those days walked by faith and not by sight."

Following this history, Dr. Roberts introduces us at once to the capital facts that give to this region an almost tragic interest. These vast treasures are geographically so narrowly confined—the coal is of such excellence for specific purposes that it has the stamp of a luxury and a monopoly, yet as transportation became more perfect, the conditions of a competing private ownership have developed an industrial warfare of first magnitude. Northern districts pitted against the southern; one railroad struggling against a rival line as fiercely as against independent operators. I have never heard bitterer comments than those of operators against the transportation companies. Before the recent combination was secure, I heard a railroad official say, "If we get the combination solid, we will pay some old scores against the men who have bothered us more than the worst of the miners." It is doubtful if the struggle has ever been as relentless between employer and employee as among the capitalist employers themselves.



As this internecine conflict has been abated, the gain for the average working group is obvious. Petty and contemptible forms of exploitation are eliminated as combination strengthens. A powerful corporation cannot even afford to continue a policy which irritates its miners. It is more obedient to the law: is first to allow the men to purchase their goods where they choose: first to remove all miserable forms of truck payment, as it is sure to take the next great step in dealing with the extreme variations of working time within the year.

That these 140,000 workers should get less than 190 days' work within the year is a grave misfortune. This has not been caused, but it has been intensified by that action on the part of the employers that is one of the most serious charges against them. The author puts it thus (p. 127): "It is alleged—and there is reason to believe that it is true—that the surplus labor in the anthracite coal fields is largely due to a policy designedly produced by the operators, whereby they might expect to keep laborers in due subjection. They acted on the idea employees could be better controlled, their tendency to combination more effectually frustrated and industrial friction more successfully stayed if they were kept near starvation point. Irregular wages and a miserable existence were their devices to quell all attempts of the mining employees to insist on their rights as men. They believed the workmen could not stand prosperity and that the peaceful operation of the industry depended on having a surplus of cheap labor."

An operator of larger experience freely admitted to me the justness of this criticism. "This low class immigration has been too much stimulated," he said, "and has not only added to the friction between us but has increased the jerky condition of the trade."

The relation between the employers and the unions is fully and fairly stated. Dr. Roberts' faith in unionism is strong, although he criticises their shortcomings with impartial severity.

The reader regrets that the author of this excellent study has touched so lightly upon the wretched incompleteness of the employers Liability Acts in this industry. No phase carries with it more inexcusable injustice than the grotesquely inadequate treatment of the crippled victims in this risky business. Or is it that the author includes this in the more distinctively "social" study to which every reader of this volume will eagerly look forward?

JOHN GRAHAM BROOKS.

*The Law and Policy of Annexation with special reference to the Philippines, together with Observations on the Statutes of Cuba.*  
By Carman F. Randolph of the New York Bar, author of "The Law of Eminent Domain." New York, London and Bombay: Longmans, Green & Co., 1901.

This is the work of an accomplished constitutional lawyer and the most learned argument upon the leading questions raised in the Insular tariff cases that has been made against the position sustained by a majority of the Supreme Court. It is a repository of precedents upon colonial legislation which will be of great value to any lawyer, statesman or historian who may have occasion to investigate analogous questions in the future. Of the soundness of the argument, judgments are likely to differ in accordance with the prepossessions of the minds which make them. An unbiased mind it will be hard to find at the present time among those who are qualified to speak. One of the questions discussed has not yet been decided by the Supreme Court, namely, the power of Congress to delegate to the President legislative power over the Philippines which is proposed in a bill now pending. How far the maxim, *delegatus non potest delegari* applies to constitutional law, has not yet been settled by our highest tribunals (see, however, *Stoutenburgh vs. Hennick*, 129 U. S., 141; *Field v. Clark*, 143 U. S., 649; *U. S. v. Keokuk & Hamilton Bridge Co.*, 48 Fed. Rep., 178), although some State courts have pushed it to extreme limits.

It is remarkable that no representative of the government has called the court's attention to the case of *Elphinstone v. Bedreechund*, 1 Knapp P. C., 316, 360, which was cited as a justification for some of the Reconstruction legislation (see *Foster's Commentaries on the Constitution*, §38), and used to support the argument, that a state of war may exist and the war power be exercised even after hostilities have ceased, when in fact the people have not been restored to their normal condition. *Bello non flagrante sed nondum cessante*.

Mr. Randolph recommends a cession of the Philippine Islands to their inhabitants with a reservation of a protectorate by the United States. The appendix contains a valuable collection of precedents concerning the exercise of authority by other governments within territory over which no right of sovereignty is claimed. This includes an interesting order of the Governor-General of India, which ceded to the adopted son of the former Maharaja of Mysore the territories of Mysore and the Island of Seringapatam with a reservation of certain rights in the ceded country.

No one who wishes to understand the controversy that has arisen out of the conquest of Porto Rico and the Philippines can afford to omit reading Mr. Randolph's scholarly and interesting work.

ROGER FOSTER.

*The Foundations of American Foreign Policy.* With a Working Bibliography. By Albert Bushnell Hart, Professor of History in Harvard University. New York: The Macmillan Co., 1901—8vo, xi, 307 pp.

Under this title Professor Hart has grouped a series of articles which appeared in various magazines between March, 1896, and October, 1901. The earlier articles have been revised and brought down to date. The last chapter is a convenient working bibliography in American diplomacy. The book makes no claim to cover the whole field of American diplomacy, but merely aims to show the historical bases for certain questions of governmental policy which have been under consideration since 1896. It fulfills this purpose in an able and readable manner.

For the purposes of this notice the chapters of the book may best be taken in the order in which they appeared as magazine articles rather than in the order in which they are printed in collected form. Taken thus, they show the historical foundations and precedents for certain of the more important of the recent political actions of the United States which, as they have rapidly followed one another, have often been thought to be revolutionary. Professor Hart says, "that perhaps there is an opportunity to show that our forefathers and our grandfathers had problems similar to our own; and to explain how they thought that they had solved those problems."

The third chapter, which was the first to appear in a magazine, is entitled, "Boundary Controversies and Commissions." This chapter, originally published in 1896, deals with matters relating to the fixing of the territorial limits of the United States. It shows how generally such questions give cause for controversy and also that the government had often been involved in controversies far more serious than that concerning the Venezuelan boundary, which had recently aroused so much discussion.

The chapter following, "A Century of Cuban Diplomacy," appeared in June, 1898, and outlines in a few pages the diplomatic relations of that island during the century before 1895. Professor Hart regards the destiny of Cuba as inevitably a subject of deep concern for the United States, because of both geographical and political conditions of the two countries.

In the second chapter, "The Experience of the United States in Foreign Military Expeditions," there is presented an array of foreign military ventures sufficient in number and in variety to furnish precedents for almost anything the United States may desire to undertake. This chapter originally appeared in September, 1898, and must have been very soothing to some who wished to feel that the "fathers" would look with favor and approval upon the recent actions of the government.

The remaining chapters set forth the foundations of American diplomacy since the war with Spain. In the chapter on "Brother Jonathan's Colonies," the broadest possible definition is given to the word colony. The governmental control of these areas by the United States is shown to have varied in manner and in effectiveness as in the dependencies of the European states. In the portion of this chapter dealing with the treatment of the American Indian, one is not quite sure whether Professor Hart is always serious. It is somewhat difficult to reconcile the following with the governmental practice: "Toward these wild men the federal government has always had definite and righteous principles."

The acquisition of Louisiana is reviewed at some length in the chapter entitled, "What the Founders Thought Concerning Territorial Problems." Relatively little space is given to other acquisitions and problems. In this chapter, as elsewhere, the belief is evident that territorial expansion is inevitable.

In the first chapter of the book, "The United States as a World Power," the author briefly reviews the relations of the United States to other states. The alternative title, "A Chapter of National Experience," is better. It is not easy to define the term "world power." It would seem, however, better to reserve the term for a late period of the United States. This Professor Hart seems to recognize in a later chapter, when he declares, "Whether we like it or not, we have no longer the right to sit quietly under our own vine and fig tree." In this chapter, he says, "John Quincy Adams, Gallatin, Bayard, Clay and Russell, made an effective commission" in the negotiations of 1814. Probably a more inharmonious, ambitious, and irreconcilable commission could have been constituted, but it would have been with some difficulty. Success was in spite of the make-up rather than because of the personnel of the commission.

The seventh chapter, "The Monroe Doctrine and the Doctrine of Permanent Interest," is a careful study of the evolution of the modern idea of the Monroe Doctrine. Professor Hart shows as



fully as the limits of a single chapter will admit the changes in content which the phrase has suffered, as it has been used to justify the most diverse actions and claims. He advocates a doctrine that shall have a broader basis in the growing relations of the United States. This he calls the "doctrine of permanent interest," "a doctrine of peace in America, international fellowship in the Eastern hemisphere, and civilization everywhere." This chapter gives an able presentation of that portion of our diplomatic activity which has been based upon the so-called "Monroe Doctrine."

The supplementary chapter, "A Brief Bibliography of American Diplomacy," is a very successful attempt to supply a "checklist of the more accessible books, with such brief comment as may show their value and bearing." The reference to the book of George B. Davis is not to the late edition, "The Elements of International Law," 1901. Several books not yet issued are not thus indicated. This attempt to supply a bibliography deserves the hearty commendation of all interested in the subject.

There are no foot-notes showing the sources of the information from which the conclusions were drawn and to which the reader may look for further enlightenment upon a particular point. This is naturally the case, as the articles were originally prepared for publication in other forms. The bibliography partly makes up for this, but not wholly. The chapters are independent and complete in each several instance, thus giving the book a fragmentary nature unless the thread of United States history for the last few years is always in mind when reading the successive chapters.

This book has a reason for being. It can be said without hesitation, that it is of great value at the present time as furnishing a means by which the reader may obtain a perspective through which he may judge recent actions of the United States government. Professor Hart has done good service in revising and bringing into one volume these essays.

GEORGE G. WILSON.

*Inductive Sociology: a Syllabus of Methods, Analyses and Classifications, and Provisionally Formulated Laws.* By Franklin Henry Giddings, Ph.D., LL.D. New York: The Macmillan Company, 1901—xviii, 302 pp.

The student of social philosophy will be apt to turn, first of all, in this book, to the discussion of "Consciousness of Kind," in order that he may learn whether the suggestions of his critics, and his

own further reflections, have wrought any changes in Professor Giddings' views as to the fundamental social fact. Several such changes he will find, and all of them—with one possible exception—will seem to him, we think, to be improvements on the earlier statement, in the *Principles of Sociology*. "The consciousness of kind," the author now says (p. 99), "is that pleasurable state of mind which includes organic sympathy, the perception of resemblance, conscious or reflective sympathy, affection and the desire for recognition." And this mutual resemblance of which socii became conscious, is itself grounded in a like response of the nervous mechanism to the same stimulus, entailing similar sensations and "reflexes." Thus, a phrase which in its earlier statement seemed to us vague and inadequate—so we said in the YALE REVIEW for August, 1896—has now been so expounded and enriched as to be worthy of all acceptance.

But one of these additions—and the one which will please many critics most of all—seems to the present writer of dubious value; namely, the discussion of "response to stimulus." Doubtless, like response to the same stimulus is an important fact; but is it not a fact for biology, and then for psychology, rather than for sociology? Two men in different hemispheres may make like response to a given stimulus, but they are not on that account members of the same society; it is even conceivable that they are, for the moment, members of no society at all—like two sundered Crusoes. Or, they may perform similar acts side by side, and moved thereto by the same stimulus, while unconscious of one another's existence. Thus, two people may simultaneously raise umbrellas in a shower on opposite sides of an opaque wall; but this would not be a social act. On the other hand, a mother suckling a babe, and an executioner hanging a criminal, seem to us to be facts preëminently "social"; but is it easy to say to what same stimulus mother and child, or hangman and felon, are responding, in like sentiments and actions? Professor Giddings tells us (p. 115) that when a group of carnivorous birds drive a school of fish into a bay by forming a line across its mouth, their coöperative action is to be referred back to a like response to the same stimulus. Now, that all these birds should "go a-fishing" at the same time under the impulse of a common hunger, is easily understood; but will our author explain the precise nature of the stimulus which sends them fishing coöperatively, in a phalanx, instead of each "on his own hook," so to say—as the more usual habit of birds is? Or, better, can we not persuade

him that facts of biology and of the "nervous mechanism" do not in the least concern the sociologist, as such; nor discussions of the "composite" and "decomposable" nature of personality (p. 268), and of the distinction between the "free exercise of will" and the "exercise of free-will" (p. 269)? What we have always liked in Tarde is, his rigid exclusion from the subject-matter of sociology of whatever pertains to the individual as such, even if common to a multitude of individuals, leaving that science to deal solely with the facts and forms and forces of *associate* human life.

We observe that the critics who are of Gumplowicz's way of thinking are mildly complaining of the book before us for neglecting the element of hostility, collision and struggle, between societies and classes. For ourselves, we can more readily condone this fault—if there be any such fault here—than the opposite and commoner one, of over-emphasis on the belligerent aspects of social life. For while war and other modes of conflict have undoubtedly exercised a large and in many particulars beneficent influence in the shaping of societies, this influence has been entirely secondary, and commonly mechanical rather than properly social. The frost may liberate the chestnut from its burr, and gravity may bring it to the ground; but neither frost nor gravity can make it grow into a tree. A war of conquest may mix alien populations in a given area, but it has no power to *blend* them in a new society—for that, the truly social forces are needful, sympathy, love leading to inter-marriage, friendship, a common language, mutual economic interest, and the like. Conflict may prepare a *conditio sine quâ non*—it can never be, or engender, a *vera causa*; and the attempt to construct a social philosophy chiefly in anti-social terms, is lamentable. We are glad that Professor Giddings holds steadfastly to "consciousness of kind," with the wider and more vital implications given to the phrase in this work, as the fundamental fact and force in human association.

This is a book to be thankful for. It is excellently adapted to university *seminar* work, and is full of stimulating suggestions to all who are concerned with its subject. It is extremely "schematic," but one finds pleasure in considering what delight its accomplished author must himself have felt as he hit upon each new category, classification, schedule, and label.

W. F. B.

*Le Compagnonnage, son histoire — ses coutumes — ses règlements et ses rites.* Par E. Martin Saint-Léon. Paris: Armand Colin, 1901—xxviii, 374 pp.

M. Saint-Léon has chosen a good time to write the history of the Compagnonnage. The institution is rapidly decaying; before long it will be impossible to secure much living evidence from members regarding its character and work, while the documentary evidence will also probably become more and more rare. A history written at this period is, therefore, not likely to be superseded. Of the various survivals of mediaeval life, the *compagnonnage* is one of the most curious, interesting on account of its grotesque and extravagant activities, surprising on account of its tenacity of life. The guilds, which were well anchored in the laws of the country as well as in the interests of a well-to-do class, have disappeared, no less completely in the countries in which they enjoyed freedom than in those in which they were first favored and then suppressed by the government; for such survivals as we have in the London Livery Companies, and in the guilds of Bern, while legally guilds, have completely changed their character. But the Compagnonnage has survived its old enemy, the *Corps de Metier*; it has defied the fulminations of the Church and the attacks of the law, and it has maintained its existence through a century of modern industry, even against its modern rival, the trade-union.

If we disregard legends which, like those connected with freemasonry, trace the history of the Compagnonnage back to the time of Solomon, its documentary history does not go back of the 16th century, but it is altogether probable that it existed a century or two before that time, and that it may have arisen in common with freemasonry among the groups of masons employed upon the great cathedrals. Whatever its origin may have been, it seems to have been subject to remarkably few changes during the four centuries of its known history. Its economic justification is found in the necessity that mechanics, especially in the building trades, were under of making the tour of France before they could be considered qualified to carry on their trade. The single mechanic, being thus subject to all kinds of risks among strangers, found in the Compagnonnage a society able to assist him wherever he might be. In every town of any importance there was an inn to which the traveling journeyman was expected to repair; he received help here in obtaining work; in case of sickness or poverty he was succored; and when he moved on to seek work elsewhere,



his companions accompanied him to the gates of the town and bade him God-speed on his journey. The fact that the members were constantly moving made it necessary to have secret passwords and signs by which they could be recognized; and the ceremonies connected with the initiation of a new member, with the burial of the dead, with the *conduite*, or the ceremony of bidding him farewell when starting on his tramp, have been very elaborate and even blasphemous. There are several different groups of *Compagnons*, however, and between these different groups there exists deep hostility. As a result, their history is stained by constant quarrels, often ending in riot, bloodshed, and even murder. As against their employers, the societies have frequently been engaged in strikes, but these have been on the whole less violent than their quarrels among themselves. Inasmuch as the *raison d'être* of the *Compagnonnage* lay in the *tour de France*, the introduction of the factory system with its machinery, which lessened the requirement of a long apprenticeship, and the railroads, which make it needless for any self-respecting mechanic to travel on foot, would seem to be fatal to this form of organization; and it certainly is a fact that from the time of the Restoration, they have been, on the whole, in a state of decadence, though it was not until about 1848 that their decline became marked. But in spite of adverse circumstances and internecine quarrels, the institution still exists and still maintains its old customs, though within a restricted field. As compared, however, with the trade-union or *syndicat*, its numbers are very small. M. Saint-Léon estimates the sum total of active members at about 10,000, but thinks that if the former members were included, there might be in all from 20,000 to 25,000.

As regards their earliest history, M. Saint-Léon has not succeeded in discovering documentary material earlier than that used by M. Levasseur in his *Histoire des Classes Ouvrières*, but he has given us a fuller account of the later history than is to be found elsewhere, and has produced a book much superior to that of M. Simon, which has hitherto ranked as the leading authority upon the subject, though published in 1853. The book has a full topical table of contents, and the author deserves praise for placing it, in defiance of the French custom, at the beginning of the volume. It is, however, to be regretted that there is no alphabetical index and no bibliography, beyond the references to earlier literature contained in the preface.

H. W. F.

#### RECENT LITERATURE.

"An Introduction to Sociology," by Arthur Fairbanks (Scribner's, 1901), appears in a third edition, revised and somewhat enlarged. An additional chapter is written on "Society regarded as a contract." The general character of the first edition is maintained; the book is rather elementary and popular than profound, but supplies a good manual for those who wish to gain a general idea of the subject. The writer occasionally falls into insipidity in his attempt to make his pages simple and interesting. A bibliography of some size is appended, but unfortunately for the topical reader, an index is lacking.

The third volume of Mr. John Beattie Crozier's "History of Intellectual Development," which appears before the second (Longmans, Green & Co., New York), is devoted to an analysis of the present political and social features of the civilization of Europe and America. It is needless to remark that so trenchant a writer as Mr. Crozier has much to say that provokes thought, yet generalizations so broad as his and founded on so inadequate an historical foundation as some of his are, produce a spectacular impression upon the mind rather than real intellectual convictions.

The complex of ruling ideas or ideals he vividly characterizes as the Bibles of the Nations, and he argues that these "Bibles" must be consciously reconstructed and adjusted to the doctrines of social evolution. The student of American History, however, is staggered at being informed that "the National Bible, both of France and of America, with their Rights of Man, their Declaration of Independence, and their proclamation of Liberty and Equality, was the philosophy and scheme of life of a single individual making no pretense to supernatural inspiration—Rousseau" (p. 202, also p. 203 and elsewhere). A political philosophy, however imposing, built upon such historical foundations as that, is a house built upon the sand. If Mr. Crozier would read Locke's second Essay on Government, especially chapters viii and xix, and compare with them the Declaration of Independence, he would see that Rousseau is an absolutely negligible factor so far as the political theory of the American Revolution is concerned.

A recent work on the duties and obligations of citizenship, entitled "Talks on Civics" (New York, The Macmillan Co., 1901), by Henry Holt, differs from the conventional works in the same line both in

form and content. It covers all the topics usually treated in a text-book on civics and, in addition, many topics that are found only in works on private law, as real property, personal property, contracts, etc. Mr. Holt has, perhaps, in order the better to attract and hold the attention of the average citizen, for whom the book was evidently written, chosen to present his thoughts in the form of a dialogue between teacher and pupil—the pupil disclosing a remarkable grasp of the subject and extraordinary skill in the formation of his answers. It is hardly probable that the work will be much used as a text-book in the high schools and academies, but as a reference work in the hands of pupils and, still better, in the homes of the people, it may be expected to perform a distinct public service.

"The 'Machine' Abolished and the People Restored to Power by the Organization of all the People on the Lines of Party Organization," by Charles C. P. Clark, M.D. (New York, G. P. Putnam's Sons, 1901), is aptly described in its title. The reform of the political organization outlined by the author in this little volume of less than two hundred pages aims to unite into a working system as the fundamental basis of true democracy two principles, the first of which is best illustrated in the party organization of to-day, and the other by the ideas at work in the old New England town meeting. By uniting these two systems into one and adapting it to modern conditions, the writer hopes to banish political corruption, the boss and the "machine" with all the evils that follow in their train, and to institute in their place a government having all the virtues and none of the evils of monarchy, aristocracy and democracy. The plan, here worked out somewhat in detail, was first presented in pamphlet form, met the approval of the late Peter Cooper, by whom it was widely circulated, was formulated into a bill which was approved almost unanimously by the citizens of Oswego (the author's home), but met defeat for several years at Albany at the hands of the professional politicians, from whom the author now appeals to a wider and less partisan constituency. The real strength of the plan consists not in its details, many of which are fantastic and impracticable, but in its insistence that the whole machinery of nomination to elective office must be put under the cover and control of the law.

To the student of politics two of the papers in Mr. Augustine Birrell's "Essays and Addresses" (Charles Scribner's Sons, New York) will appeal. That on the "House of Commons," in particular, deserves attention for its revelation of the personal experience and

impressions of a member of that body. The other is a sympathetic study of the career of Sir Robert Peel.

Under the title "*Notes sur le Productivisme et le Comptabilisme*," M. Ernest Solvay has collected and published (Bruxelles, Henri Lamertin, Editeur, 1900), a series of connected essays, letters, addresses, etc., together with explanatory notes, the most of which originally appeared in "*Annales de l'Institut des Sciences sociales*" during the past few years. This collection of scattered writings will prove a great convenience to those who are interested in M. Solvay's ideals of social progress, the chief of which, "Comptabilisme," is a plan to do away with money and to replace it by a mechanism "with all its advantages and without its inconveniences." The author constantly extols the English banking system, which he considers a step in the direction of "Comptabilisme," but not satisfied with that eminently practical institution, seeks to inaugurate for his own people what he considers an ideal medium of exchange. It is evident that M. Solvay, in his impatience at the defects of the present system of money or influenced by his enthusiasm for his proposed plans, loses sight at times of the fact that money in this imperfect world must serve for a standard of value, both present and deferred, as well as for a current medium of exchange.

"The Postal Deficit: An Examination of Some of the Legislative and Administrative Aspects of a Great State Industry," by H. T. Newcomb (William Ballantyne & Sons, 1900—158 pp., Washington), is in the main a reply to the claim that the railroads are being overpaid by the post-office, and that the postal deficit can best be reduced by cutting down the compensation of the railroads. Mr. Newcomb not only proves that many statements made with regard to the cost of transportation are grossly exaggerated, but he shows how in many ways, partly through the method of weighing, partly on account of the incidental services which the railroads have to perform, they are underpaid rather than overpaid. Incidentally, the book gives a singularly luminous picture, reinforced, but not loaded down, by statistics, of some of the intricacies of our postal system, and of the many difficult problems which it has to solve.

The same topic is treated somewhat more extensively in a work by Dr. George G. Tunell, entitled "Railway Mail Service: a Comparative Study of Railway Rates and Service." (Chicago, The Lakeside Press, 1901.)

This work lacks, however, the unity of Mr. Newcomb's. It consists of reprints of a number of articles, most of which have appeared in the *Journal of Political Economy*, and one of which



is a short review of Mr. Newcomb's book. Dr. Tunell, while agreeing in the main with Professor Adams' contention that "the problem of railway mail pay must be approached as one of compensation," and in holding that the "cost of service" theory must be given up, does not agree with Professor Adams' application of the principle, and holds that the present rates are probably not far from fair. He therefore agrees with Mr. Newcomb in not advocating a reduction of the compensation now paid to railways for mail service.

William C. Agle's "Eastern Peru and Bolivia" (The Homer M. Hill Pub. Co., Seattle) contains some very interesting observations which have the merit of being first-hand, a merit which cannot be attributed to the majority of writers upon the commercial geography of interior Peru and Bolivia. Readers may await with interest the promised larger work, already written, "In the Footsteps of Pizarro."

In the period from the death of Frederick the Great until the rise of Stein, the most influential person in Germany was Charles William Ferdinand, Duke of Brunswick. As the history of Prussia in the Revolutionary and Napoleonic era still lacks treatment in English, nothing could be more welcome than a thorough study of the Duke of Brunswick. Lord Edmond Fitzmaurice in his "Charles William Ferdinand, Duke of Brunswick: An Historical Study, 1735-1806" (Longmans, Green & Co., N. Y.), has attempted nothing so elaborate. What he has given us is a reprint of two articles which appeared in the *Edinburgh Review* for July, 1877, and January, 1898. The essays were written as nominal reviews of literature on the Revolutionary period from Massenbach's "*Memoires*" (Amsterdam, 1809) to Davout: "*Operations du Troisième Corps*" (Paris, 1896), and they draw for us on the basis of this scattered material a character sketch of the Prussian commander at Valmy and Auerstädt. This is well done. The sketch leaves a definite and, we think, a correct view of the strength and weakness of the Duke's character.

Lord Fitzmaurice errs in dating the seizure of Hanover by the French, 1802,—it was in 1803. The Duke's influence in the period 1795-1805 deserves more attention. An examination of the archives at Hanover and Berlin would give a plenitude of material for such expansion. A map of the battle ground of Auerstädt would elucidate the text more than the map of North Germany given. Reprinting documents from Ranke's "Hardenberg" in the appendix is not demanded by the general reader and is unnecessary for the special student.

"The Marquis D'Argenson and Richard II" of Mr. Reginald Rankin (Longmans, Green & Co., New York) consists of two elaborate character studies whose only bond of connection is similarity of method. These essays are written in an agreeable style and evince intelligent study and reflection rather than deep historical investigation. The chapter in the first one on D'Argenson the Philosopher is a convenient survey of the workings of the spirit of political and social reform in France in the eighteenth century.

The economic development of South Carolina in the eighteenth century receives considerable attention in Judge McCrady's "History of South Carolina under the Royal Government, 1719-1776" (The Macmillan Co., New York). In the later chapters there is an instructive survey of the intellectual culture of the colony. With the early years of the Revolution the narrative grows of necessity more detailed until in the following volume, "South Carolina in the Revolution, 1775-1780," over 400 pages are devoted to the single year 1780. The military operations in the South are treated with much elaboration. On pages 163-165 the author criticizes John Adams' account of the Second Continental Congress, as taken from his Diary, and concludes that it is so inaccurate that it must have been written later. If he had examined his source a second time, Judge McCrady would have found that his criticism was correct but his citation wrong. What he quotes is from Adams' Autobiography, which was written thirty years later and intercalated by the editor of Adams' Works in the Diary, but enclosed with brackets to indicate its character.

Mr. Alexander Brown, whose labors have brought to light so great a mass of valuable material relating to early Virginia, in his latest publication, "English Politics in Early Virginia History" (Boston, Houghton, Mifflin & Co.) tries to account for the fact that the true sources of the history of the foundation of Virginia have not been made accessible until recently, and that consequently the earlier narrative histories of the colony are misleading and untrustworthy. Mr. Brown explains this condition of things, which is characteristic enough of a good many fields of history outside of Virginia, by the hypothesis that King James in the interests of royal absolutism endeavored to make way with the literary evidences of the attempt of the founders of Virginia to establish a free commonwealth, and that to attain this end documents were suppressed and an official history constructed which was hostile to the popular party. Mr. Brown's forte is not historical criticism,

and owing to his lack of method his book fails to convince the student. His account of his own work and of the circumstances of the composition of the famous books on Virginia is interesting. He is in error, however, in dating the first edition of Jefferson's Notes, 1784. It was published in 1782.

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